FRANCHISING ■ SUBSTANCE ABUSE ■ MURALS
THE MONTHLY MAGAZINE OF THE NATIONAL RESTAURANT ASSOCIATION
VOL. 7 □ NO. 3 □ MARCH 1987

RESTAURANTS USA

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3/12/87

ASSOCIATION MEETINGS

SEMINARS

Basic Foodservice Courses

Dining Room Management
3/19 Boston, MA
4/15 Pittsburgh, PA
4/28 Montgomery, AL
5/11 Lancaster, PA
5/13 Tulsa, OK
5/17 Chicago, IL

Increasing Sales: Effective Front-of-the-House Management*
3/31 Portsmouth, NH
4/2 Newark, NJ
4/26 Boston, MA
5/4 Springfield, VA
5/6 Atlanta, GA
5/17 Chicago, IL
**Formerly Dining Room Management: Sales and Service*

Kitchen Management
4/9 Savannah, GA
4/15 Knoxville, TN
5/5 Worcester, MA
5/6 Concord, NH
5/16 Chicago, IL

People-Power and Profits
4/9 Richmond, VA

Tools for Training
3/19 Los Angeles, CA
3/20 Burlingame, CA
4/13 Virginia Beach, VA
4/14 Rockville, MD
5/16 Chicago, IL

Food Production Courses

Perfecting Your Culinary Skills
3/24 St. Paul, MN
4/14 Louisville, KY

Simplified Baking Workshop
3/24 Atlantic City, NJ
4/2 Des Moines, IA
4/21 Oklahoma City, OK
5/6 Minneapolis, MN

Soups and Sauces
4/7 Schiller Park, IL
4/8 Cleveland, OH

Foodservice Management Courses

Banquet Management
4/7 Long Island, NY
4/22 Cincinnati, OH
5/17 Chicago, IL

Beverage Management
3/30–31 King of Prussia, PA
4/22–23 Bloomington, MN
5/5–6 Annapolis, MD
5/16–17 Chicago, IL

Coping with the Personal Demands of Foodservice Management*
3/25 San Antonio, TX
3/26 Dallas, TX
4/8 Detroit, MI
4/9 Milwaukee, WI
5/16 Chicago, IL
**Formerly Stress and Foodservice*

Food Cost Management
3/24 Pittsburgh, PA
4/21 Indianapolis, IN
4/28 Raleigh, NC
5/6 Appleton, WI
5/16 Chicago, IL

Foodservice Operators' Legal Workshop
4/1 Newport, RI
4/22 Omaha, NE
5/4 Columbia, SC
5/17 Chicago, IL

Menus That Sell!
3/24 Calgary, Alberta, Canada
3/25 Edmonton, Alberta, Canada
4/27 Ft. Collins, CO
4/29 Burlingame, CA
5/17 Chicago, IL

Negotiating for, and Financing, Foodservice Facilities
3/19–20 Springfield, VA
5/16–17 Chicago, IL

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4/6–7 St. Louis, MO
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5/16–17 Chicago, IL

Operational Analysis
4/27–28 Rochester, NY
5/4–5 Charlotte, NC

Planning and Implementing Restaurant Marketing Strategy
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4/21–22 Hartford, CT
5/16–17 Chicago, IL

Planning Successful Buffets
3/23 Tampa, FL
4/6 Baltimore, MD
5/4 Lansing, MI
5/11 Williamsburg, VA

Profitability
3/24 Madison, WI

Real Estate and Restaurant Site Selection
4/21–22 Hilton Head, SC
5/16–17 Chicago, IL

Restaurant Design and Facilities Planning
3/25–26 Chicago, IL
4/13–14 Dallas, TX

S.A.F.E.
5/7 Cherry Hill, NJ
5/16 Chicago, IL

Wine and the Bottom Line
4/7 Portland, ME

NATIONAL CONFERENCES

Conference on Planning and Financing Restaurant Growth
4/5–8 Los Angeles, CA

For more information, contact National Restaurant Association Education Programs 311 First St., N.W. Washington, DC 20001 (800) 424-5156 or (202) 638-6100.

If your company is interested in In-house Programs, call or write to the attention of Ed O'Hare.

STUDY GROUP MEETINGS

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Tax Executives
4/1–3 San Diego, CA

MIS (formerly EDP)
4/7–12 Orlando, FL

Internal Audit
4/21–24 Orlando, FL

Quality Assurance
4/22–24 Denver, CO

MAECO
5/13–15 Chicago, IL

Marketing Executives
5/13–16 Chicago, IL

Foodservice Purchasing Managers
5/14–15 Chicago, IL

For more information on specific study groups, contact Philip Kralovec, (312) 853-2525

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PRESIDENT'S REPORT

G. "Jim" Hasslocher, President
Frontier Enterprises, San Antonio, TX

Association to fight nutrition ingredient labeling

Your Board of Directors convened in Florida last month for its annual winter meeting. A number of resolutions came out of the meeting—resolutions that will strengthen your association's role as educator, promoter and protector of the foodservice industry.

Foremost on the agenda was passage of a resolution to develop association guidelines regarding nutrition and ingredient disclosure. A proposal calling for mandatory ingredient and nutrition labeling has already been introduced in the House of Representatives this year, and we anticipate that a similar bill will be introduced in the Senate. By establishing our own guidelines on how restaurateurs can respond to consumer inquiries for ingredient and nutritional information, we will demonstrate that mandatory proposals would be unnecessary and unfair.

All association members will receive a booklet outlining these guidelines later this month. The guidelines will also be mailed to state restaurant associations, along with additional materials supporting arguments against mandatory labeling. These materials should help the states fight any mandatory labeling bills that appear on the state and local level.

Board passes anti-FICA resolution

A resolution opposing F.I.C.A. taxes on tip income, as proposed in President Reagan's budget, was also passed at the Board meeting. Association representatives have already met with key Congressional representatives involved in budget planning. The association opposes this proposal because it imposes an unjust payroll tax on non-payroll income. We will continue to monitor this issue closely.

Association opposes minimum wage hike

Rounding out its busy agenda, the Board also voted to oppose three Congressional proposals calling for an increase in the minimum wage. Such an increase would have a detrimental effect on the nation's economy because it would trigger an increase in both inflation and unemployment. And as the largest employer of the primary minimum wage earners—teenagers, the foodservice industry would be hardest hit. Again, this is a priority issue which your association will monitor closely in Washington.

International culinary competition at the Show

Preparations for the 68th National Restaurant Association Restaurant, Hotel-Motel Show, now only two months away, were approved at the Board meeting. This year's "Show of Shows" promises to be the best ever. In addition to the traditional, time-honored events Show-goers look forward to each year, this year's Show marks the inauguration of an event I find particularly exciting—the American Culinary Classic. It is the first international culinary competition ever held in the United States. Billed as the "miniature culinary olympics," this competition will pit the U.S. Culinary Team against 11 other countries in a hot and cold food competition. Countries already scheduled to compete include Germany, Italy and Singapore. More than any other event, the American Culinary Classic will

prepare these teams for the International Culinary Competition to be held in Frankfurt in 1988.

"Salute to Excellence" dinner to showcase industry greats

Another event at this year's Show you will not want to miss is the "Salute to Excellence" dinner, to be held Tuesday evening, May 19, at the Chicago Hilton. This dinner will showcase professionalism and quality education in the foodservice industry. Featured will be the American Culinary Classic first place winners, the champion vintners of the National Restaurant Association Wine Classic, as well as restaurateurs, chefs and other leaders who have made lasting contributions to the foodservice industry.

I look forward to seeing all of you at the Show in Chicago. Plan now to attend from May 17 to May 20. Next month's issue of *Restaurants USA*, will carry a complete preview of many exciting events.

Association enters into joint membership agreements

I welcome the memberships of the Pennsylvania Restaurant Association and the Oregon Restaurant and Hospitality Association. As of January 1 of this year, these associations have entered into joint membership with the National Restaurant Association, providing for the exchange of membership information and dues revenue between our associations. We view these agreements as a crucial step in cementing the vital relationship between the national and state associations.

Publications examine crisis management, substance abuse

Finally, be sure to review two new association publications on their way to you this month.

The Foodservice Operator's Crisis Management Manual is now available. This booklet advises operators on how to respond to sudden disaster, such as illness, violence or accidents. Copies of this report have already been sent to key association members. Additional copies are available through the association publications department in Washington.

And the next Current Issues Report, focusing on the important topic of substance abuse in the workplace, is already at the "blue line" stage. Key association members will receive copies later this month.

During February, 145 foodservice operators and allied suppliers joined us as members of the National Restaurant Association. Welcome. Your participation in the association will make your business grow and will make the association more effective in your behalf.

Sincerely,

G. Jim Hasslocher

G. "Jim" Hasslocher
President and Chairman of the Board

COVER STORY: DRIVE-THRUS

10 Consumers of all ages and lifestyles, from teenagers to business executives, are picking up meals at drive-thru windows. Although drive-thru service has been an American tradition since the 1920s, the popularity of this concept has skyrocketed. Both large chains (with traditional service windows) and mushrooming drive-thru-only units are reporting increases in sales.

SPECIALS

14 Franchise innovations from the field
Reversing traditional roles, franchisees are teaching franchisors. They are planting the seeds for franchise innovations by speaking up and sharing their experiences and insights.

18 Job responsibilities of multi-unit managers
This first *Leaders of Learning* report, a new column which focuses on what leading foodservice educators are thinking and saying, outlines the often misunderstood job of a multi-unit manager.

20 Franchise fun facts
What do *Roots*, an overweight child and a Texas County Fair have in common? Test your franchise I.Q. with this quiz about franchise beginnings.

21 Helping the addicted employee
On-the-job substance abuse is a problem that, unfortunately, can affect almost any industry, operation or staff. Although the situations vary, one fact remains constant—substance abuse can cost employers not only in terms of dollars but possibly in reputation as well. Here are some ways restaurateurs can help their employees battle alcohol and drug abuse.

24 Murals—a restaurant's exclamation point
Once used primarily as decorative backdrops, murals are taking center stage in restaurant design. Using colorful new techniques and textures, designers are developing murals as focal points in both casual and sophisticated operations.

30 How non-family employees fit into a family business
There is no doubt that working in a family business can be challenging for non-family employees. But, as this article points out, you don't have to be related to be part of the "family."

Cover photograph by Gary Landsman
Samurai car courtesy of Rosenthal Suzuki

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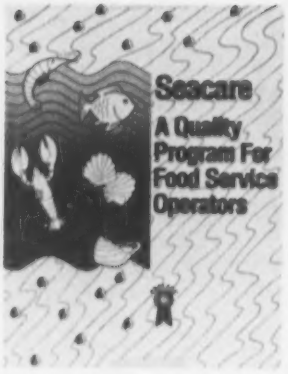
Free seafood kits available

The National Fisheries Institute (NFI) kit "SeaCare: A Quality Program for Foodservice Operators" highlights the critical points of receiving, storing and freezing.

The kit, which is free while supplies last, includes

- a training manual
- a set of Spanish and English "back of the house" color posters (14" × 17")
- a checklist audit form to evaluate seafood handling
- a question and answer information sheet covering tough consumer questions
- camera-ready slicks of table tents and menu clip-ons that tell about seafood's low cholesterol and heart-healthy omega-III fish oil
- a camera-ready pamphlet of interesting facts and
- an order form to obtain audiovisual materials.



Also available from NFI is a merchandising kit to promote seafood sales during Lent (March 4–April 19). The kit includes posters, nutritional information, recipes and ad slicks.

To order the "SeaCare" kit or the Lenten merchandising kit contact: NFI, 2000 M St., N.W., Suite 580, Washington, DC 20036; (202) 296-3428.

Most executives don't drink during business lunches

People have guessed as much, but now it has been confirmed: The three-martini business lunch has gone the way of the free telephone information call.

A nationwide survey of vice presidents and personnel directors of 100 of the nation's 1,000 largest corporations found that only one out of four American executives is now likely to drink during a business lunch.

The study was conducted by an independent research organization. The respondents were asked: "What percent of today's executives consume alcoholic beverages during a typical business lunch?" and "What do you estimate the percentage of executives consuming alcoholic beverages was five years ago?" The responses were an average of 26.4 percent and 37.7 percent, respectively.

Franchise handbook released

The Office of Consumer Goods and Service Industries, U.S. Department of Commerce, has released its 20th edition of *Franchise Opportunities Handbook*. Names and addresses of 1,414 franchise companies, many of which are restaurant firms, are listed in the *Handbook* along with information about their size, years in business, operating procedures, equity capital needed, availability of financial assistance and the training and managerial assistance they provide. A short introductory section offers advice to potential franchisees. A list of government and private organizations that offer assistance to entrepreneurs is also provided.

To order the *Handbook*, contact the Superintendent of Documents, U.S. Government Printing Office, Washington, DC, 20402 or call (202) 783-3238. The cost is $15.00, including postage. Payment must accompany all orders. Credit card orders are accepted. Please specify stock number S/N 003-008-00201-3 when ordering.

Enrollment period open for association medical plan

National Restaurant Association members and their key employees under age 65 are eligible to apply for comprehensive medical insurance under the association's group major medical insurance plan. A special enrollment period is scheduled through June 1, 1987.

Coverage, which may also be included for spouses and unmarried, dependent children up to age 19 (23 if they are full-time students), pays for many hospital and medical expenses, including hospital room and board, surgery, specialized equipment, prescription drugs, anesthesia, professional ambulance service and convalescent care.

Members will be receiving information on this plan in the mail shortly. Further details can be received from the insurance administrator, Albert H. Wohlers & Co., National Restaurant Association Group Insurance Plans, 1500 Higgins Road, Park Ridge, IL 60068-5750. Toll free: (800) 323-2106. In Illinois: (312) 698-2221.

Association publishes computer directory

Do you want to save time and energy searching for the perfect computer hardware or software for your operation? Now you can turn to a comprehensive directory on the topic published by the National Restaurant Association—the *1987 Directory of Foodservice Computer Hardware and Software*.

Joel Chaban, a nationally known expert in the foodservice computerization field, has polled more than 250 vendors to compile this exhaustive study of 595 software and hardware products.

The directory provides hardware requirements and technical specifications for individual computer products, making it easy to decide whether or not a product will be compatible with hardware or software already purchased. Descriptions list major features and/or reporting capabilities for products.

The directory is thoroughly cross-indexed and also lists all manufacturers or distributors.

Heinz blasts FICA taxes on tips

A Reagan administration proposal to require restaurateurs to pay Social Security (FICA) taxes on all reported tip income received a chilly reception during a Feb. 4, 1987, hearing before the Senate Finance Committee. The association-opposed measure is part of the President's fiscal year 1988 budget plan and would require employers to treat all tips as wages for FICA purposes.

Current law requires an employer to make FICA contributions on all wages, plus any tips used to satisfy the minimum wage. Employers are not required to pay FICA on tip income above the minimum wage.

Sen. John Heinz (R-PA) was the most outspoken critic of the administration's FICA proposal, but other senators on the committee and even the chairman, Sen. Lloyd Bentsen (D-TX), raised concerns about the provision.

"There appears to be no rational reason to justify the proposed change," Heinz said. "Social Security is a payroll tax based upon wages paid by the employer. While tips are clearly income, they are not paid by the employer; they are paid by the customer. Management has no control over whether a customer will tip or how much he or she will tip."

Sen. David Durenberger (R-MN) said he agreed with Heinz's assessment, and Bentsen asked Assistant Treasury Secretary for Tax Policy J. Roger Mentz why the administration was seeking a FICA tax hike when the Social Security Trust Fund was solvent and the increase would not result in higher Social Security benefits for tipped employees.

Sen. John Heinz (R-PA) speaks out against the administration's proposal, which would require restaurateurs to pay FICA taxes on all reported tip income.

The senators' views parallel those of the National Restaurant Association which argued in a letter to Congress earlier this year that the proposal amounts to a $200-million tax increase for restaurateurs. The association noted that Congress has always treated tips separately from wages for FICA purposes and that there is no reason to abandon this policy.

The association was expected to get a chance to testify on the issue in a subsequent Finance Committee hearing in late February.

The association is urging all of its members to contact those congressional representatives who sit on the tax-writing and budget committees. The association is setting up meetings in Washington with members of these committees. For more information on how you can participate, contact the government affairs department at (800) 424-5156 or (202) 638-6100.

Draft regulations published for immigration law

Employers will be required to verify the employment eligibility of each new worker within 24 hours of hiring, according to "highly preliminary" draft regulations issued for public comment by the Immigration and Naturalization Service (INS) in late January. Final regulations should be published by the end of April, INS said. The National Restaurant Association is closely monitoring all INS proposals and has filed a nine-point response to the draft regulations.

INS regulations spell out the specifics on the immigration bill that President Reagan signed into law Nov. 6, 1986. On that date, employers were served notice for the first time that they could not continue to knowingly hire illegal aliens.

The bill provides time for employers to get used to the new law, only gradually phasing in the civil and criminal penalties that will be imposed for illegal hiring. No penalties will be assessed before June 1, 1987. For the year beginning June 1, 1987, employers will be warned for *first-time* hiring violations and penalized for subsequent violations.

Hiring procedures under the new immigration law

Central to hiring procedures under the new immigration law will be a one-page INS form known as an "I-9" to be filled out by both the employer and the employee. I-9 forms will be distributed to employers in April, once INS publishes its final regulations.

The draft regulations outline a three-step verification process that employers will have to complete within 24 hours for each new hire. Employers will be expected to complete this process for all employees hired since Nov. 6, 1986.

First, the employer will have to make sure that the employee's section of the I-9 has been filled out legibly and accurately. In this section, the employee provides biographical information and attests, under penalty of perjury, that he or she is eligible to work in the United States.

Next, the employer will have to examine the documents an employee supplies to prove work eligibility. The draft regulations provide a comprehensive list of acceptable employee documents. The employer has to make sure that documentation provided meets the requirements of the law and that the documents provided "reasonably appear" to be genuine.

Finally, the employer will

have to fill out his or her own section of the I-9, attesting that, based upon an examination of the documents presented, the employee is eligible for employment.

Employers will be required to retain I-9 forms for three years from an employee's date of hire or one year after an employee is terminated, whichever is later.

What employers should be doing now

INS provides the following "general advice" to employers wondering what they should be doing between now and the time when the final regulations are issued:

□ Do not fire present employees or refuse to hire new ones because they look or sound "foreign."

□ Tell employees you have hired since Nov. 6, 1986, that they will have to fill out an I-9 form and provide proof of their employment eligibility once INS releases its final regulations. You will not be penalized for hiring unauthorized workers between Nov. 6, 1986, and May 31, 1987. To avoid the penalties which can be imposed beginning June 1, 1987, however, you must have proof that employees hired during the so-called "education period" are eligible to work.

□ Help employees who ask you to document their employment history. Certain illegal aliens are permitted by the new law to apply for residency, and they need proof that they have lived in the United States since before Jan. 1, 1982. Documentation cannot be used against the employer for possible violations of the law, except for fraud in the application process.

□ Do not worry about employees hired before the immigration bill was enacted. You will not be penalized for any pre-Nov. 6, 1986, hiring of illegal aliens.

Fowler speaks to First Thursday Group

According to Sen. Wyche Fowler (D-GA), the focus of government activity in the next two years will be on Congress since, in his view, it is now apparent that President Reagan does not plan any major new policy initiatives in the remainder of his presidency. Fowler said that puts pressure on the Democrats, who now control both chambers of Congress, to show that they can effectively govern. This is especially crucial in light of the upcoming presidential election.

Fowler was the most recent speaker to address the National Restaurant Association's First Thursday Group, a monthly forum wherein hospitality executives meet with elected officials and other Washington insiders to discuss issues of concern to the industry.

Although Fowler is a freshman senator, he is no stranger to politics. He served 10 years in the House before seeking a seat in the Senate, and he was a member of the powerful Ways and Means Committee which has jurisdiction over all tax matters. When the committee began marking up the tax reform bill in late 1985, Fowler took up the fight to preserve full deductibility of business meal and entertainment expenses. In the end, the so-called "Fowler Amendment" to retain 100-percent deductibility narrowly lost in committee by just two votes. Fowler now serves on the Senate Budget and Agriculture committees.

The First Thursday Group is one of many programs sponsored by the association's Political Education Committee (PEC). These programs are designed to heighten the industry's understanding of the political process and to encourage involvement in government at the local, state and federal levels. Ongoing programs include the association's fall Public Affairs Conference and congressional reception, "meet and greet" candidate receptions, congressional visits to the annual trade show in Chicago and the dissemination of "how to" materials on political involvement.

The PEC is funded by corporate donations to the association's Political Education Fund. If you would like more information about these programs or would like to make a contribution to the fund, contact Tom Kelley in the association's Washington office, (800) 424-5156 or (202) 638-6100.

Sen. Wyche Fowler (D-GA) discusses the 100th Congress during a recent association-sponsored breakfast meeting.

Redfish ban means higher prices

Redfish supplies—already tight because of emergency restrictions placed on redfishing last year—are expected to become even tighter this year because Commerce Secretary Malcolm Baldrige has decided to ban direct commercial harvesting of redfish in federal waters.

"Restaurants definitely have a cause for concern," says Jim Gilmore of the National Fisheries Institute (NFI), a Washington, DC-based trade association representing the seafood industry. "If you want commercial redfish, it must now come from Louisiana waters. The alternative source would be Mexico, which has enough national resource, but lacks the boats or technology to fill the gap."

A similar fish, the black drum, may be developed as a substitute, Gilmore says. Black drum is not affected by Baldrige's order and tastes nearly the same as redfish.

The meteoric rise of consumer demand for blackened redfish is mostly to blame for Baldrige's recent actions. Once a "throwaway" for many commercial fishermen, the redfish has become, in a few short years, a popular menu item in restaurants across the country. In 1981, commercial fishermen harvested 216,000 pounds of redfish in federal waters. By 1986, more than six million pounds of redfish were being netted per year.

In the last few years, state restrictions on commercial harvesting of redfish have forced fishermen farther into the Gulf of Mexico in pursuit of this lucrative catch. Growing concern that redfish were being overharvested led the Commerce Department, which is responsible for fishery management in federal waters, to place emergency restrictions on direct commercial fishing last June. At the end of 1986, the secre-

Congress to consider minimum wage legislation

As expected, members of Congress and labor leaders favoring an increase in the minimum wage sprang into action early this year. Within the 100th Congress's first 15 days, three separate bills had been introduced in the House to increase the minimum wage, which has been $3.35 an hour since 1981.

H.R. 79, introduced by Rep. Mario Biaggi (D-NY), proposes a five-step increase in the minimum wage that would begin with a 50-cent hike on July 1, 1987. Then, the wage would move up each March 1 through 1991: In 1988, it would move to $4.12; in 1989, to $4.41; in 1990, to $4.72; and in 1991, to $5.05. At that point, Biaggi estimates, the minimum wage would equal half of the average hourly wage earned by private, non-supervisory workers. Beginning in 1992, the minimum wage would go up by a proportional amount each time the average private sector wage rose.

A similar bill introduced by Rep. Henry Gonzalez (D-TX), H.R. 649, would increase the minimum wage by five percent annually until it equalled 50 percent of private sector earnings of non-agricultural, non-supervisory workers. After that, the minimum wage would rise each time the private sector earnings figure rose.

The third bill, introduced by Rep. Gerald Kleczka (D-WI) and co-sponsored by 18 other members of Congress, would make two flat increases of 50 cents in the minimum wage. H.R. 659 would push the wage to $3.85 on Jan. 1, 1988, and to $4.35 on Jan. 1, 1989.

None of the three bills would change the tip credit, which currently stands at 40 percent of the minimum wage.

So far, no companion bills have been introduced in the Senate. However, Sen. Edward Kennedy (D-MA), who chairs the Labor and Human Resources Committee, said that increasing the minimum wage will be part of his panel's agenda.

Proponents of a minimum wage increase cite the erosion of the wage's buying power since 1981. Kennedy noted that a full-time worker earning the minimum wage still falls below the poverty line for a family of four.

The Reagan administration has not decided whether to oppose efforts to raise the minimum wage, according to Secretary of Labor William Brock, who testified before Kennedy's panel in mid-January. Brock was concerned that raising the minimum wage would reduce lower-level job opportunities. He recommended that more emphasis be placed on education and training, which he felt would ultimately equip a worker to earn more than the minimum wage.

tary decided to place a moratorium on commercial harvesting through 1987.

In the interim, the government is expected to study the size and condition of the existing redfish stock to determine the level of harvest that can be accommodated without damaging the "biological integrity" of the stock. Depending on the results of these studies, future quotas may be established on redfish.

In the meantime, NFI and the Southeastern Fisheries Association (SFA) have filed a suit against the secretary in U.S. District Court, charging that his management plan discriminates against commercial fishermen and is inconsistent with federal law. They have asked the secretary to add an element of flexibility to the redfish plan that would allow reopening of offshore waters to commercial fishermen in 1987 if scientific evidence warrants it. House Minority Whip Trent Lott (R-MS) and Sen. John Breaux (D-LA) have made similar requests.

Debate begins on parental, medical leave

Business and labor groups have squared off on the issue of mandatory parental and medical leave, setting the stage for a national debate over whether the United States should pass "job protection" laws for new parents, parents whose children are seriously ill or employees unable to work because of a serious health condition.

Congressional backers of such leave policies wasted little time in submitting legislation to the 100th Congress. Sen. Christopher Dodd (D-CT) and co-sponsor Sen. Arlen Specter (R-PA) introduced S. 249 on Jan. 6, 1987, the day the 100th Congress convened. Rep. William Clay (D-MO) and 72 House co-sponsors followed one month later with the House companion bill, H.R. 925. Committee hearings are likely to be scheduled in both chambers by early March.

The House and Senate bills would require employers to grant both male and female employees up to 18 weeks of unpaid leave over a 24-month period for the birth, adoption or serious illness of a child. In addition, the House bill would permit leave for the serious illness of an employee's parent. Employees would also be granted up to 26 weeks of unpaid leave yearly for their own serious illness.

S. 249 and H.R. 925 require continuation of pre-existing health benefits during the employee's absence and require employers to return employees to their same positions, or equivalent ones, upon their return.

Legislators urge support for the bills for a number of reasons. Demographically, they say, the United States has changed; the number of working mothers with children under one year of age has doubled since 1970. Moreover, say parental leave supporters, most of these women work out of financial necessity, and the fear of losing their jobs brings them back to work earlier than is healthy for the parent or the child.

However, the National Restaurant Association and other business groups vehemently oppose any mandated benefits legislation. Government intervention in this area takes away employers' flexibility in tailoring benefit packages to their employees' needs. Although the two bills exempt companies with fewer than 15 employees, the legislation would impose heavy burdens on smaller businesses that cannot afford to grant extended leave.

Last year, parental/medical leave legislation was introduced in both chambers of Congress. The House bill received committee approval, but a lack of time prevented the full House from taking up the bill. No hearings or action took place on the Senate bill. *—Jay Morris*
—Denise Roach

OPENING A WINDOW FOR PROFIT

DRIVE-THR

by David Slater

Central Park, one of the first drive-thru-only chains, has eye-catching red, green and yellow burger kiosks measuring only 12 by 12 feet.

Realizing the growing potential of drive-thru service, the fast food industry is gearing up to streamline drive-thru window service.

Since the first drive-in restaurants began appearing in the 1920s, Americans have taken to pairing the automobile with the fast food meal. Today, the carhop is seen as seldom as the flashy, finned gas guzzler, but restaurant automobile service is stronger than ever—thanks to drive-thru windows.

The skyrocketing popularity of meals eaten off-premises is causing the major chains to place an increased emphasis on their drive-thru service. At the same time, pared-down, double-drive-thru-only units are striking it rich by making the drive-thru window the focus of their operations. To do so, they have returned to the original fast food formula for success: limited menus, low prices and no frills, speedy service.

Major chains speed service with drive-thrus

Research shows that consumers perceive service time at fast food restaurants to be not nearly as fast as it used to be. One of the key prerequisites for quick service in the fast food industry is a limited menu. As the major chains have expanded their offerings, their service time has slowed at both the counter and the window.

The chains are reacting to the perceived slowdown by making changes designed to speed up service. Some of these changes, such as Burger King's switch from single to multipoint service, are aimed at the walk-up customer. But the bulk of the innovative ideas and technology in the fast food industry seems to be geared toward speeding drive-thru window service to maintain and gain customers in the coming years. Here are some of the technological innovations that are revitalizing drive-thru service at the major chains.

□ **Remote headsets.** A persistent problem at drive-thru operations has been garbled radio communication between the customer at the order board and the employee at the internal speaker. Many chains are finding that by outfitting employees in lightweight, remote-control headsets they can provide much clearer communication and allow the employee to move around freely to perform necessary tasks.

David Slater is a communications specialist for the National Restaurant Association.

McDonald's has been using a remote headset system in 2,000 of its units for nearly two years, and several other chains, including Burger King, Kentucky Fried Chicken and Hardee's, are reportedly testing the remote equipment.

□ **Double-booth drive-thrus.** McDonald's has been including double-booth drive-thrus in the equipment packages of all new stores and in stores undergoing major remodeling. Instead of one drive-thru window there are now two: one for paying and the other for food pickup. This division is aimed at speeding traffic flow by minimizing halts during the assembly of a special or unusually large order.

Tests at other chains have included split cashiering within a single booth and computerized order boards that eliminate the speaker system and allow the drive-thru customer to punch in his or her own order.

□ **Computerized registers with video screen readouts.** Several major chains are reducing drive-thru service time through the use of a computerized cash register/video screen system. The drive-thru cashier simply punches the order into the register keyboard; the information instantly flashes onto a video screen in the order preparation area.

A more sophisticated concept, used at some of the McDonald's units that are outfitted with double-booth drive-thrus, relays the order not only to the kitchen, but also to the register in the second window where an employee can begin filling drink orders.

□ **Automated windows.** Kentucky Fried Chicken has achieved a 20-percent reduction in drive-thru service time by installing fully automated service windows in 128 company and franchised units.

The automated window is activated by stepping on an electric contact switch located on a floor mat in front of the window or by breaking a photo beam. The window is not only fast, but it also allows face-to-face contact between employees and customers and frees workers to handle money and help with multiple packages.

Drive-thru-only units eliminate the frills

The greatest advancements in drive-thru service, however, seem to have

been made by returning to fast food basics. Like the original drive-ins, pared-down drive-thru-only units offer low prices, quick service and limited menus—often only burgers, fries and soft drinks, although some serve breakfast items, pizza, chicken or hot dogs.

One of the first of these emerging drive-thru-only chains is Central Park U.S.A., whose first unit was built in January 1982. The company, which began franchising in 1986, currently has 21 units and plans to have 48 by the end of 1987. Central Park's eye-catching red, green and yellow burger kiosks measure only 12 feet by 12 feet and include a second floor that is used solely for storage. Four to six workers are required to run the operation.

As the size of the units suggests, the drive-thru-only operations are designed to eliminate the unnecessary add-ons. "We feel the industry has left behind what fast food originally was," says Elliott Davenport, vice president of Central Park. "Our units are designed for maximum efficiency, and our customers want a good, quick meal."

Finding the right location

Site selection is important for these drive-thru-only restaurants. The Krystal Company of Chattanooga, TN (238 conventional fast food units in the Southeast), has been selling its signature bite-sized hamburgers in seven downscaled Krystal Kwik units. All but one are in rural areas that could not support a traditional Krystal restaurant.

"We've had good results," says Mike Bass, a Krystal vice-president. "The ones that do well, do real well. But they're very location-sensitive." Krystal

Drive-thrus: How they used to be

As early as the 1920s, some Pig Stand drive-ins had handed food directly out a window to customers in their cars. Before World War II, the old nickel-hamburger chains, White Castle and White Tower, had also offered drive-up window service as an adjunct to regular counter service at some of their units.

Not until 1951, however, when Robert O. Peterson started Jack in the Box in San Diego, CA, did a sizable chain make drive-thru windows the keynote of its operation. At Jack in the Box restaurants, one window served walk-up customers and another window took care of drive-thru orders. Generally, the restaurants required three minutes to handle a line of four cars. To maintain the kitchen's speed, a menu board and a microphone for calling in orders were placed three car-lengths back from the window.

The drive-thru idea was taken literally by one of Jack in the Box's imitators, Der Wienerschnitzel's John Galardi, who first erected flat-roofed buildings with an opening in the middle, then switched to the A-frame with an automobile-sized hole in the center, effectively indicating where the customers should steer their cars at a time when the drive-thru was an unfamiliar form of service.

Der Wienerschnitzel initially settled on the drive-thru because it solved the problem of how to operate a fast food restaurant on a property too small to offer much parking; the car-borne customer, upon receiving his or her food, immediately drove forward and was off the premises. This could also amount to a sly way of selling to teenagers, yet discouraging them from turning the parking lot into a gathering place.

Burger King equipped some of its outlets with drive-thru windows and discovered to its dismay that a car waiting at the window invariably conveys more urgency than a customer standing at a counter. The reaction of the kitchen crew was to turn away from the standing customers and rush to fill the drive-thru order, thus slowing regular service and antagonizing customers. Rather than install and adequately staff a separate drive-thru operation, Burger King in the 1960s removed all its existing drive-thru windows and concentrated on customers willing to get out of their cars. Underlying Burger King's frustration with the drive-thru was the fact that it was not a service in great demand, perhaps because it constituted such an abrupt departure from the drive-ins' practice of encouraging people to eat in their cars on the restaurants' lots.

Wendy's put a drive-thru window on the first freestanding building it opened in 1971. The drive-thru was doubly rewarding. It gave customers a convenience they appreciated, and, by enabling Wendy's to keep its buildings and parking lots smaller than competitors', it conserved capital. Wendy's claimed to earn more revenue per square foot than any other chain. By the end of the decade, the drive-thru window, equipped with its own cash register, crew and food preparation area, generated 46 percent of the sales at a typical Wendy's unit. Watching the success of this upstart competitor, McDonald's, Burger King and others knocked holes in the walls of their own restaurants and installed drive-thru windows.

—excerpted with permission from Orange Roofs, Golden Arches *by Philip Langdon, 1986*

plans to open more of the drive-thru-only units.

Other chains take advantage of the small property requirements when selecting sites. At a time when real estate is becoming more costly and prime sites increasingly rare, these operators are finding good sites and getting them inexpensively. They seek out small and oddly shaped properties in high-trafficked areas or spots in shopping center pads. "We only need 70 feet of frontage," says Central Park's Davenport. "We find lots of little slivers of property out there."

The start-up costs for drive-thru-only restaurants are low—typically from $125,000 to $200,000, excluding land—less than one-quarter the price for a conventional full-sized unit. Because the drive-thru-only units require no parking lots, the land investment is also lower than that of a traditional franchise.

Operational costs are pared down as well. Six to eight workers can run a unit during peak hours as opposed to as many as 50 employees needed at the larger chains. From the operator's perspective, then, the appeal of the drive-thru-only restaurants is obvious. But what attracts the carloads of customers who file past the drive-thru windows each hour?

□ **Quick service.** One obvious attraction of the drive-thru-only unit is its quick service.

Central Park's Davenport says that his operation is designed to service two cars per minute at each window. Other operators, such as John Hooker of Hooker Hamburger (Nashville, TN; one unit), claim that service takes as little as 15 seconds during peak hours.

□ **Low prices.** Although speed at the window is essential to the success of any drive-thru operation, most industry experts agree with Hooker's assertion that "The real name of the game for these double drive-thrus is price." By eliminating the frills, these operations are able to offer their products at prices that are 25 to 50 percent lower than those at major chains.

At Central Park, for example, quarter-pound hamburgers sell for 89 cents, 20-ounce soft drinks (the only size offered) for 39 cents and large sacks of french fries for 39 cents. "Our marketing strategy is to lure customers with our low prices," says Davenport. "Then, people find we serve an excellent product, and they keep coming back."

Hooker is outspoken in his belief that drive-thru customers should pay less than walk-in customers at the major chains. "The off-premises consumer is subsidizing the on-premises consumer," he says. "There has to be a segregation of customers because the off-premises consumer is rejecting the playgrounds, the tables, the air conditioning. . . . The mission of Hooker Hamburgers is to give the drive-thru customer a drive-thru price."

Actions at some of the larger conventional fast food chains seem to indicate that they agree, at least in part, with Hooker. Rax Restaurants, for example, has reacted to subpar sales by launching the "Rax Value Express Drive-Thru" in some markets. The program is designed to boost disappointing drive-thru sales and, ultimately, overall sales.

To improve window speed, the 500-unit chain has reduced the number of items available to the drive-thru customer. More importantly, the chain has cut prices on their Worksburger (regularly $1.25) and regular roast beef sandwich (normally $1.39) to 99 cents each. Other prices on drive-thru products have been reduced by five to 10 cents.

According to senior marketing chief Dan Corrigan, the Value Express program has shown good results. "We've always believed that drive-thrus were important," he says, "and they're only going to get more important." To promote the program, Rax television advertisements proclaim, "We think drive-thru customers should pay less." ❑

Not for limited menus only

One operator who has successfully integrated automobile service into his fullservice operation is Jim Starnes of Kimo's (Sikeston, MO; 140 seats). Starnes' menu, which is dominated by sandwiches served on home-baked breads, lists more than 200 items.

The drive-thru at Kimo's uses two side-by-side traffic lanes. After customers place their orders at the menu board, located seven car-lengths from the service window, they are directed into the appropriate lane. For example, customers with orders that can be processed immediately, such as soups, soft drinks or phone-in orders, are directed to the far lane. There, an employee carrying change runs the order to the customer.

"The system is complicated," says Starnes, "and it takes a quick-witted person to be in charge. But we've got it to the point where it is very organized. In addition, we've trained our steady customers; they know the system." So organized is Starnes' drive-thru operation that orders are processed in two to four minutes.

At peak hours, four employees, including the sandwich maker, are required to operate the drive-thru service at Kimo's. Depending on the time of year, 25 to 40 percent of the operation's food receipts are generated by the drive-thru window. "It definitely is business we wouldn't get otherwise," says Starnes.

Starnes credits his success to a low employee turnover rate and Kimo's limited market (Sikeston, in southeast Missouri, has a population of around 18,000). But the owner is quick to point out the difficulties of running a drive-thru service. "Independent operators definitely have a tough time with drive-thrus," he says. "I would never chance it in a major market."

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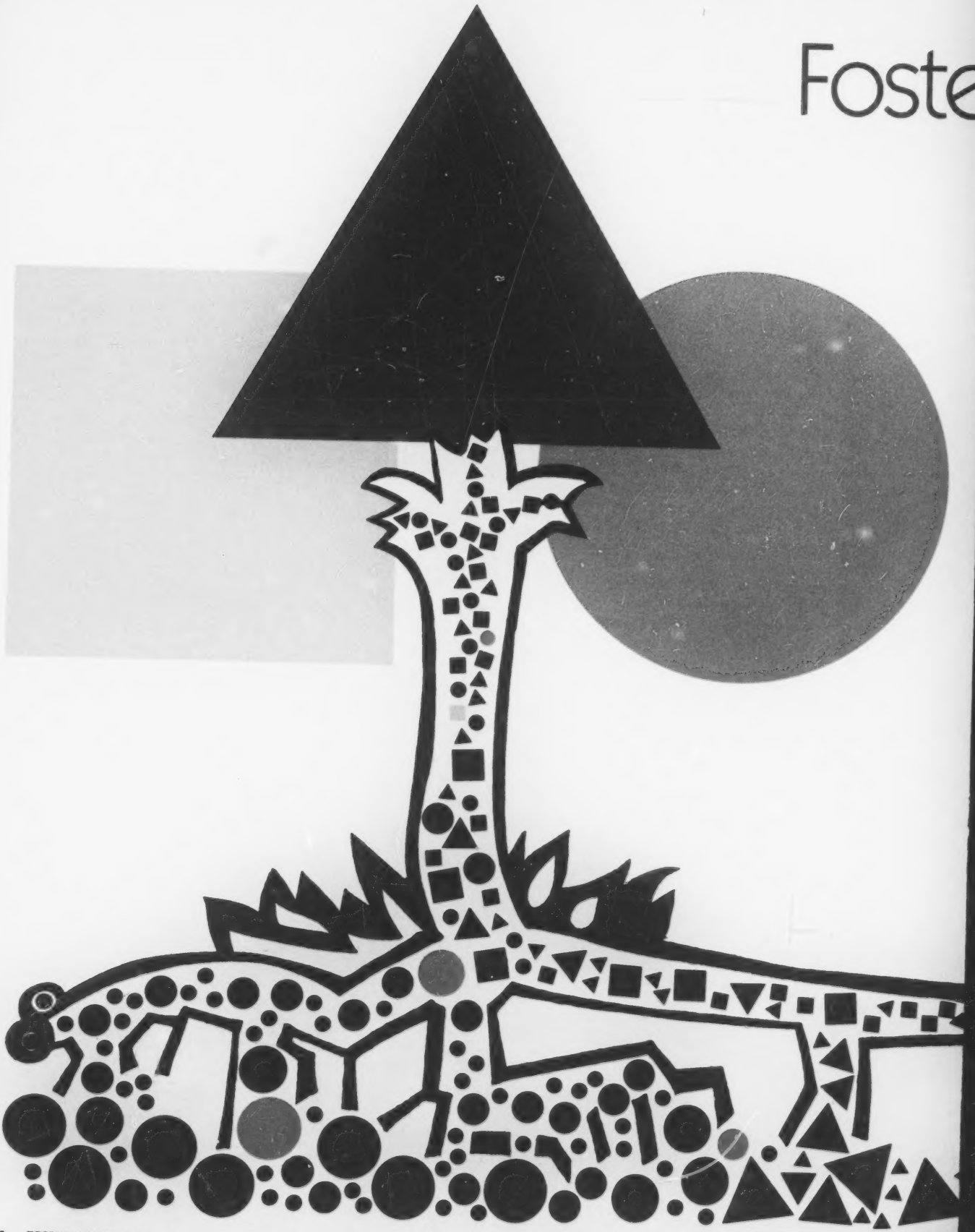

ring Franchise Innovations

From the Ground Up

by Kathy Boyle

Dunkin' Donuts' munchkins, Ponderosa's fresh seafood, Wendy's taco salad and McDonald's Egg McMuffin all have something in common. They are part of a growing list of ideas contributed by franchisees, which include not only food items, but also equipment, layout and operational changes. Although in some cases, the initial idea the franchisee develops is changed considerably by the company during testing to make it more feasible systemwide, there is growing evidence that progressive franchisors are seriously listening to their franchisees.

Franchisee advisory councils give voice to franchisees

This new voice for franchisees is a break with tradition. In the past, franchising was seen as a means for the capital-weak entrepreneur to link with the experienced franchisor, who provided the know-how and support that reduced the risk of failure. This know-how and support, however, usually brought with it strict enforcement of company controls and standards and no freedom to experiment.

In the 1970s, many franchisees decided to demand a voice in company affairs and began their own franchisee organizations, usually called franchisee advisory councils (FACs). FACs proliferated. According to a December 1986 survey by the International Franchising Association (IFA) in Washington, DC, 53 percent of the 158 responding members reported they had FACs, and many others indicated they were in the process of setting up boards or councils.

At the 1,500-unit Dunkin' Donuts, headquartered in Randolph, MA, for example, the advisory council is comprised of elected representatives from districts and regions. According to CEO Robert Rosenberg, Dunkin' Donuts' FAC meets four times a year "to focus on profitability, costs and setting sales targets and advertising budgets."

Douglas N. LaBelle, a Ponderosa licensee in Mount Pleasant, MI, who operates five Ponderosa locations in the mid-Michigan area and serves as treasurer of Ponderosa's franchisee council, is also a strong supporter of the two-way dialogue FACs provide. "We felt there were good ideas out there, and we needed a more structured way to get at the ideas and to provide more say in the decision making for the licensee. We developed six committees, made up of three licensees and three company people each, in the areas of 1) concept, 2) purchasing, 3) human relations, 4) marketing, 5) operations and 6) architecture." To get fresh ideas, members of the committees rotate frequently. In addition, Ponderosa licensees are surveyed regularly for their input.

"Franchising, like American business in general, has grown enormously complex," says William Cherkasky, IFA president. "Along with that complexity comes a greater need for better communication." IFA believes FACs are critical to meeting this need, and so it has published a 45-page booklet entitled, *How to Organize a Franchisee Adviso-*

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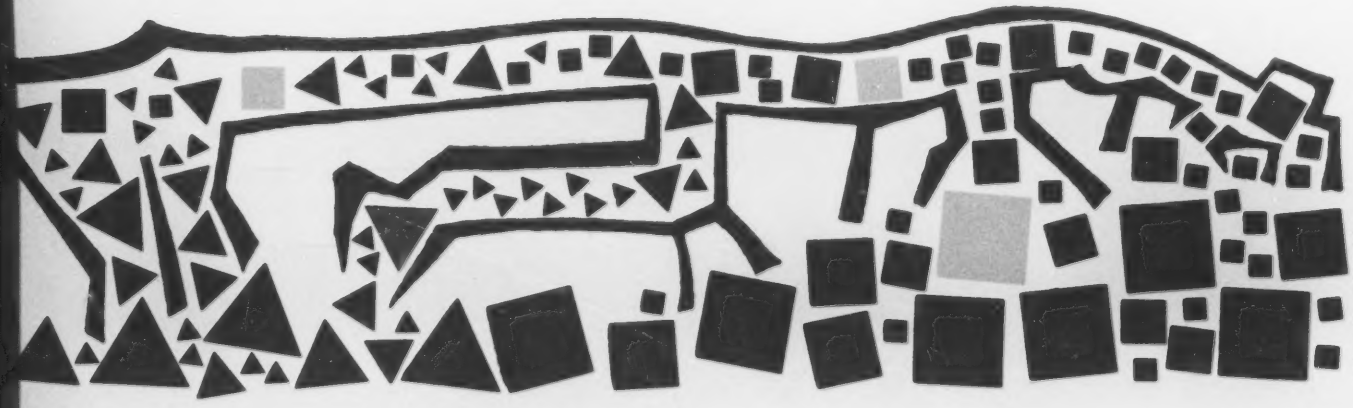

Max Karl Winkler

ry Council. The booklet contains sample bylaws and sample registration forms. The cost is $7.50 for IFA members and $10.00 for non-members.

Regional meetings encourage participation

In addition to FACs, many companies hold regional meetings to encourage franchisee involvement and to tap franchisee ideas about food equipment and other efficiencies. Rosenberg of Dunkin' Donuts, for example, holds regional meetings regularly. Half of the meetings focus directly on field-operating experiences.

There is a good reason why Rosenberg is enthusiastic about this approach. "Munchkins; muffins; new store layouts; biscuits; new methods of expansion for the company, such as operating locations at train stations, bus stations and kiosks: all originated with owners," he says.

Many franchisors go out of their way to make regional meetings convenient for franchisees to attend and often schedule them in conjunction with FAC meetings. Some, such as Ponderosa (headquartered in Dayton, OH), pay for committee members' travel. At Kentucky Fried Chicken (headquartered in Louisville, KY), it takes two years to cover all franchisees in all regions. And each year KFC holds an international convention for both franchisee and company staff, providing yet another opportunity to capture franchisee ideas.

Company executives travel for ideas

Other franchisors who are not yet so formalized in their relations with franchisees use different strategies to develop a two-way dialogue. The founder or president often travels to franchisees to talk to them and find out personally about operations. "The franchisees are looked to for advice because they see customers every day, they see the competition and they get the feeling of the neighborhood," says John Reynolds of IFA.

At Dunkin' Donuts, for example, each top executive visits 50 to 125 units annually. In addition to the executive visitation program, Dunkin' Donuts maintains a staff of field service representatives. A large part of their job is to pick up new ideas and give feedback. "A field manager may be responsible for 18 units," explains Rosenberg, "but this person is responsible for being a communicator as well—to communicate the franchisees' ideas and problems back to the company."

Franchisees contact headquarters

Perhaps the most informal way to share ideas from the field is the phone call to someone at headquarters. "Our licensees contact us in many ways—by phone, by letter or just by coming in and using our people and facilities for testing and research," says Robert Hoffman vice president, concept product development at Ponderosa. Ponderosa follows up on these ideas. "I would say that 25 to 30 percent of my staff's time is spent supporting franchisees in the field. We go out to them," Hoffman adds. "For example, two days ago I was with one of our licensees testing a new piece of cleaning equipment they want to use. Before we ordered it for other units, we wanted to see if we could extend its use to other cleaning functions."

Even newer entries into the franchising field, such as Le Peep, headquartered in Denver, CO, see the importance of fostering solid franchisor/franchisee relations. "At this point, we are in the early stages of developing programs with franchisees," explains Mark S. Grabowski, vice president of franchise development, "but we encourage franchisees to write to me. Then, I have the appropriate department head get back to the franchisee to develop what they want."

Who pays for concept development?

Who pays the bills for research, testing and development of new ideas? The arrangements vary. Some companies expect franchisees to pay for concept development. Other franchisors, however,

"I would say that 25 to 30 percent of my staff's time is spent supporting franchisees in the field."

wholeheartedly pay for testing and development of worthwhile new ideas because, as Hoffman of Ponderosa maintains, "They are the entrepreneurs, and we have a heck of a lot of good ideas that have come from them."

In some cases, a devoted franchisee does all the necessary testing. Rosenberg of Dunkin' Donuts recalls one of his franchisees, a computer buff, who, by working on his own personal computer, developed a software program which reduced each operation's paperwork burden by eight to 10 hours each week.

Regionalization of concepts in the future

There are a good number of experts who see a regionalization of franchising concepts in the future. "Traditional thinking about franchisor/franchisee relations is deteriorating," says Thomas J. Sagehorn, attorney and consultant to the franchise industry. "'Do it our way; it is the best way,' is changing to concept inconsistencies by design," explains Sagehorn. "Things are changing to let local consumer demand drive the concept. For example, you may want to serve jalapenos in San Antonio, but nowhere else."

Franchisors recognize that eventually there will be tension if they are not flexible. And many operators will admit, off the record, that changes are in the works. "In the future," says Sagehorn, "the franchisor will have to be willing to take a risk with franchisees and believe that the local franchisee knows the local marketplace."

Allowing decentralization of this type could provide several advantages to franchisor companies, explains Sagehorn: "In rapidly changing regional environments, allowing regional differentiation could result in hedging investment dollars. In addition, it opens up opportunities for long-term thinking: Should we transfer this idea to other divisions? Or, will this promotion work in another part of the country?"

Franchisors are realizing that franchisees are the lifeblood of the chain.

Corporate concept development departments often work closely with franchisees. If the franchisee chooses to use headquarter services, they can draw on a diversity of personnel experience: technical staff, many of whom may have been restaurant managers; concept service staff, who make sure new ideas are executable in the restaurant; and corporate research and development staff, such as food technicians. At KFC, for example, corporate and franchisee expertise comes together in the concept development committee. The committee is made up of franchisees and company people who work on new product development and procedures for new concept implementation. In addition, the facilities council—again made up of franchisees and company representatives—works on layout, construction, equipment and decor decisions.

To lower the cost of testing, many companies try to time new design changes into the construction or remodeling phases of building. Hoffman of Ponderosa explains: "Right now at one unit, we are testing a new exhaust hood which we were able to incorporate into the design of the kitchen before it was built. And, at another unit, a licensee suggested moving the salad bar closer to the kitchen to add a couple more tables and improve labor efficiencies. Here again, we saved money by timing the changes into some remodeling. All the licensee pays for is moving the equipment back if the idea does not work."

Rewarding good ideas

To encourage franchisees to come forward with new ideas, companies such as Dunkin' Donuts reward good ideas. At Dunkin' Donuts, a new program called "Profits and Progress Through Innovation" was initiated in 1986. According to Rosenberg, "If an owner comes up with a new idea, it must be approved or disapproved by the vice presidents for development, marketing and operations within 30 days. And, for any idea that we initially approve and then pull after a test period, we will pick up all owner costs in excess of $1,000. So far, we have had about 20 proposals; 15 to 16 are currently in test." To further complement the program, Dunkin' Donuts has added a Founder's Award, tied in with Dunkin' Donuts' 40th anniversary, to acknowledge noteworthy, innovative breakthroughs. The program includes significant cash awards.

In sum

Franchisors are realizing that franchisees are the lifeblood of the chain, and, through corporate outreach, through franchisee advisory councils, through awards and even through more informal systems, such as friendly visits or phone calls, franchisors are tapping into the wealth of ideas franchisees can offer. Bennie L. Thayer, executive director of the National Alliance of Franchisees and Dealers in Landover, MD, an organization that represents franchisee advisory councils, sums it up succinctly. "Although many of the good ideas of franchising, such as Seven-11's 'Slurpee,' came from franchisees, the rigor of the franchise system in the past did not encourage innovation," he observes. "There were times franchisees were almost terminated for initiating ideas that eventually resulted in chainwide successes. Today, however, with super saturation of the market and intense competition, the smart system owners are those who view both franchisors and franchisees as owners." ❑

Leaders of Learning

JOB RESPONSIBILITIES OF T

What leading educators connected with the foodservice industry are thinking and saying is the focus of "Leaders of Learning." Material for this regular report comes from (1) CHRIE, the leading organization for hospitality educators and (2) The Education Foundation of the National Restaurant Association, established in January 1987, when the association consolidated its educational programs with those of NIFI (the National Institute for the Foodservice Industry). This first installment comes from CHRIE member Terry Umbreit, director of Hotel and Restaurant Administration at Washington State University.

The job of a multi-unit (district) manager is one of the hardest jobs in foodservice to define. Because surveys point to the confusion multi-unit managers feel about their job responsibilities, the Hotel and Restaurant Administration Program at Washington State University in Pullman, WA, conducted a study to identify the job aspects and task activities.

How the study was conducted, who participated

The first step was to ask a panel of experts to identify the major job aspects and task activities of the multi-unit managerial position. The panel included Sam Sibert, president, Kentucky Fried Chicken Division, Collins Food International; Jim Baron, vice president—operations support, El Torito Restaurants, Inc.; John Dew, vice president—operations, OSF International, Inc.; Bob Myers, manager of field training, Taco Bell; and Ken Mogle, franchise consultant, Taco Bell. Each panel member was asked to define the position and identify its major job aspects.

Two researchers (the author and Warren Tomlin, now area development manager for Sizzler Restaurants International) served as discussion leaders. They guided the panel toward reaching a consensus and providing examples of task activities for each job aspect.

Step two involved sending the final job aspects and task activities to 300 corporate executives randomly selected from the foodservice firms listed in *The Directory of Chain Restaurant Operators (1985).* The purpose of this step was to validate the work of the panel and to secure any additional materials. Specifically, the executives determined whether the task activities were appropriate for the position of a multi-unit manager, and then they rated their importance. They also provided descriptive data about the position and their organizations.

A total of 73 usable questionnaires were returned. The return was judged to be fairly representative of the sample of 300 firms. Twenty-eight responses or 38.4 percent of the sample came from firms operating 50 units or less. Twenty-seven responses or 37.0 percent came from firms operating between 51 and 200 units, while 18 responses or 24.6 percent came from firms operating in excess of 200 units. In terms of the specific segments represented, 77.0 percent of the responses came from fast food, 10.0 percent from family/theme and 13.0 percent from coffee shop and other.

Important job aspects by company size*

Restaurant operations was the highest ranked job aspect by all respondents

Job aspect	Group I (1 to 50 units)	Group II (51 to 200 units)	Group III (over 200) units	Overall average
Financial management	10.5	9.9	9.6	10.1
Restaurant operations	13.8	13.8	15.9	14.3
Marketing and promotions management	7.8	6.7	5.8	6.9
Facilities and safety management	5.9	5.8	5.4	5.7
Human resource management	12.0	13.8	13.3	13.0
Total	**50.0**	**50.0**	**50.0**	**50.0**

*50 points distributed across all job aspects

Help needed in human relations

In the researcher's opinion, the most significant finding from the study is the need for multi-unit managers to receive additional training in human relations. When asked to identify the principal reason for their turnover, 44 percent of the foodservice executives indicated the lack of human relations skills followed by the demands of the position. Additionally, 62 percent of the executives said that in the transition to multi-unit responsibility, unit managers experience the most difficulty with human resource management. Foodservice operators of all size organizations agreed.

Comments made by the executives revealed that the problem deals with the style change necessary for individuals to assume multi-unit managerial duties. Essentially, the position calls for a manager of managers who accomplishes objectives through other people. Foodservice executives emphasized the importance of district managers delegating responsibilities and permitting unit managers to benefit from mistakes.

THE MULTI-UNIT MANAGER

by W. Terry Umbreit, Ph.D.

Job profile of multi-unit managers

Here are the major job aspects and task activities of multi-unit foodservice managers as determined by the panel and reviewed by the corporate foodservice executives. The task activities are listed under their appropriate job aspects according to their level of importance.

Financial management

Maintains profitability of units by monitoring performance, preparing budgets, developing forecasts, authorizing expenditures, controlling costs and reviewing results with unit managers.

1. Coaches unit managers to recognize cost variances
2. Monitors financial performance and assists unit managers in the development of corrective action plans
3. Assists unit managers in developing financial and sales forecasts
4. Monitors compliance with purchasing controls
5. Authorizes expenditures within policy limits

Restaurant operations

Enforces consistent company standards, systems and procedures; evaluates product quality; implements new systems; oversees the delivery of positive customer service; supervises new product introductions and monitors unit management activities.

1. Enforces QSC (quality, service and cleanliness) standards
2. Assures unit managers and employees understand recipes and production procedures
3. Monitors the effective use of labor-scheduling techniques
4. Coaches unit managers in recognizing and solving operational issues
5. Supervises the development and implementation of unit operational plans
6. Supervises the gathering of operational data for review and analysis

Marketing and promotions management

Implements marketing and sales promotion plans, prepares units for promotional programs and encourages collection of information on customers and the competitive market.

1. Supervises new product introductions
2. Develops unit managers' awareness of customer preferences
3. Monitors in-store advertising programs and promotional plans
4. Recommends and supervises implementation of local store marketing concepts and programs
5. Helps unit managers develop community relations program
6. Trains unit managers to assess competitor operations, including marketing and advertising campaigns

Facilities and safety management

Supervises the overall condition of unit facilities to ensure operational acceptability and competitive readiness and establishes safety management programs.

1. Monitors security and safety procedures
2. Supervises preventive maintenance programs
3. Coaches unit managers in recognizing facilities and safety issues
4. Approves low-cost improvements to facilities and recommends more costly improvements
5. Manages and controls repair and maintenance budget within district
6. Conducts cost benefit analysis for repair and maintenance proposals

Human resource management

Supervises effective employment orientation, training and management of employees. Teaches unit managers how to manage people. Provides quality feedback and develops promotable managers.

1. Serves as a resource and provides feedback to unit managers
2. Supervises the execution and implementation of in-unit training and development programs
3. Coaches and motivates both managers and employees and takes disciplinary action when necessary
4. Identifies and prepares subordinates for promotion
5. Supervises and conducts formal management performance evaluations
6. Models effective supervisory behavior
7. Reinforces and rewards the training and development of employees
8. Oversees districtwide analysis of personnel needs and develops staffing plans with individual unit managers
9. Ensures personnel practices are in compliance with all regulations

As part of the study, the foodservice executives were asked to rank the importance of each job aspect in terms of the effectiveness of a typical multi-unit manager's performance by distributing 50 points across all five job aspects according to their relative weight or value. *(See chart on p. 18.)*

Which of these 17 facts about franchise beginnings do you know?

Founders

1 Who began his famous franchise career as a paper cup salesman and persuaded a Chicago-area Walgreen store to serve "shakes to go?"

2 Who created the popular video game "Pong" and developed the franchise concept Pizza Time Theaters?

3 Who started his career with $500 and a small drugstore in Quincy, MA?

4 Who used to interest operators in his product by dropping by with his pressure cooker and spices and cooking dinner for the owner and his crew?

Names

5 Which franchise was named after the founder's daughter?

6 Which company began under the name of Industrial Luncheon Service and served coffee, donuts and sandwiches to factory workers from a truck?

7 Which franchise was named after a character in Alex Haley's novel *Roots?*

Menus

8 What soft drink was created by a pharmacist and combined spices, herbs, barks and berries?

9 Which franchise was originally a donut stand and intended to serve the best cup of coffee?

10 What sandwich was named after an overweight child who swept the restaurant?

11 Which company got its start by selling tamales from a stand at a Texas county fair?

12 Which franchise started out as an ice cream stand just for the summer so the founders could pay for their college education?

Architecture

13 Which franchise used the Chicago Water Tower for its architectural inspiration?

14 Which franchise used the cartoon character "Speedee" as part of its original logo to indicate fast, friendly service?

Slogans

15 Which two companies had similar mottos: "Buy a bagful" and "Buy em by the sack?"

16 Which franchise boasts it has "Cook'n 'xactly like mama's?"

17 Which franchise developed the slogan, "Nationally known, locally owned?"

—Kathy Carpenter

Answers

1. Ray Kroc
2. Nolan Bushnell
3. Howard Johnson
4. Colonel Sanders
5. Wendy's
6. Dunkin' Donuts
7. Chicken George
8. Root beer
9. Denny's
10. Big Boy
11. El Chico
12. Friendly Ice Cream
13. White Castle
14. McDonald's
15. White Towers and White Castle
16. Zaxby's
17. Dairy Queen

White Castle, Rahway, NJ

HELPING THE ADDICTED EMPLOYEE

by Marcia Hibsch Coppess

Much has been written about drug and alcohol abuse in the American work force, but the belief still lingers that alcoholics and drug addicts are unemployed, unshaven and living on the street. This is simply not the case.

According to the National Institute on Drug Abuse (NIDA), 10 percent of the population has a drinking problem, and another four to seven percent uses drugs regularly. Many of these habitual users hold down a regular job and support their families and their habits.

Abuse crosses all geographic, financial, racial and educational borders. To assume that your business is unaffected is to leave it vulnerable.

On-the-job substance abuse costs employers—in absenteeism, accidents and injuries, theft, increased insurance claims, reduced productivity and poor morale. A study by the Research Triangle Institute in Durham, NC, estimates the cost in 1983 at $99 billion nationwide, while another expert speculates that the annual cost per employee ranges from $500 to $1,000.

Substance abuse can also cost a business its reputation. A San Diego, CA, hotel restaurant, well-known as a singles spot, learned that lesson the hard way. When a cocktail waitress was arrested last spring for selling cocaine to undercover agents, both the restaurant and hotel suffered from the highly publicized event. The restaurant was closed for several months, and now it is struggling to re-establish itself as a cafe.

Starting with a policy

What can restaurant operators do to combat drug and alcohol abuse among their staff? Three elements are necessary; like a three-legged stool, any effort will be lopsided and weak without all three.

The first step, experts agree, is to write an anti-drug policy that outlines management's expectations and the consequences for those who disregard it. (Because employment matters are

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typically governed by state law, consult with your legal counsel when preparing a new policy.)

"Without a policy, you're dead in the water," says Mike Alexander, director of the Philadelphia, PA, office of Human Affairs International, a provider of contract employee assistance programs (EAP) to businesses worldwide.

A policy gives the employer double assistance: It tells present and prospective employees that the employer will not tolerate abuse at work, and it serves as legal protection against wrongful discharge lawsuits—provided the policy allows for termination of an employee who breaks company policy. According to Joe Lodge, president of Corporate Security Advisors, a Miami Beach, FL, consulting firm, "Without a policy, a company indirectly condones drug and alcohol abuse in the eyes of the employee."

A written policy should be given to all employees, perhaps as part of the orientation materials given to new employees. The policy might allow for a warning on the first offense, suspension without pay on the second offense and dismissal on the third offense, or it may call for dismissal after any offense. This policy can be printed in duplicate and can include a space for an employee's signature. The original would become the employer's copy; the copy, the employee's.

Backing the policy

No policy can be effective without a knowledgeable staff to back it. Managers must be taught to recognize behavior that could imply drug or alcohol abuse, and they must know how to approach an employee about suspected problems. (See sidebar *Warning signs of abuse.*)

Confrontation may be the last thing a manager wants. But offering the choice between work and the abuse can be a powerful deterrent. Harrison Trice and William Sonnenstuhl of the Program on Alcohol and Occupational Health at Cornell University's School of Industrial and Labor Relations conducted a two-year study of difficult employee and employer situations. According to Trice and Sonnenstuhl, the employer should show concern about the employee's problems while presenting the consequences of unimproved behavior. The study of 120,000 employees in 50 organizations concluded that constructive confrontation based on documented evidence was more effective than any other approach.

Seventy-five percent of alcoholics and 55 percent of employees with other problems improved their behavior in response to constructive confrontation.

Supervisors should avoid diagnosing an employee's problem or counseling the employee at length, however. It can be difficult to distinguish a sedative abuser from a fatigued father whose colicky baby is keeping him up at night. And, since the addict is a master at gaining sympathy and support from others, the manager who lends a strong shoulder to an employee in trouble may have trouble when discipline is called for.

Providing treatment

But there is more to discipline than termination. While firing an impaired employee may be the solution at times, it makes financial, professional and ethical sense to assist valuable employees in kicking destructive habits. Bill Edelblut, vice president of the family-run O'Donnell's Restaurants in Washington, DC, tells of a longtime employee whose drinking was overlooked for years.

"One of our chefs had worked for us for more than 25 years. Despite a growing drinking problem, he was a valued employee so we tried to live with the situation. But he became more belligerent and argumentative in the kitchen until something had to be done."

Warning signs of abuse

How can you tell who is abusing substances? Here are some common indicators, but be aware that there can be other reasonable explanations for most of these behaviors. Use this list as a guide to spot potential abusers, but do not make any decision based on an isolated incident.

Physical signs

- ☐ Slurred speech
- ☐ Unsteady gait
- ☐ Erratic mood swings, including depression, irritability, excessive happiness and lethargy
- ☐ Bloodshot or watery eyes
- ☐ Either very enlarged or very contracted pupils
- ☐ Powdery residue and sores around the nostrils
- ☐ Weight loss or bloating
- ☐ Wearing long-sleeved clothing in all weather
- ☐ Blood stains on sleeves (from needle use)
- ☐ Uncharacteristic carelessness about grooming and appearance
- ☐ Excessive perspiration or trembling

Performance signs

- ☐ Excessive tardiness and absences
- ☐ Frequent trips to the bathroom or water fountain
- ☐ Visits from strangers or other employees during work hours
- ☐ Frequent accidents, particularly caused by clumsiness or carelessness
- ☐ Personality conflicts or arguments with other employees about job performance or carelessness

Possible signs of drug sales

- ☐ Visits to areas unnecessary for daily chores
- ☐ Off-duty employees who visit other employees during work hours
- ☐ Employee living well beyond his wages or displaying large amounts of cash
- ☐ Employees who wander away in small groups to secluded work areas or to one employee's car
- ☐ Employee who receives numerous phone calls at work

Edelblut, a member of the Alcohol and Highway Safety Commission of Montgomery County, MD, sought advice from several experts and had the name of a treatment center handy when he confronted the chef.

"We said, 'You're ruining the rest of your life—and your job. If you want help, we'll be with you,'" Edelblut recalls. "He came in the next day, asked for help and within 24 hours we had him in a treatment program. Now he is a changed person."

Edelblut says there was never any question that the chef's job would be waiting for him when he returned. "The employee had been with us for a long time, and we felt it was worth the effort to get him help," he explains.

Employee assistance programs

Large companies with multiple locations have found that an organized program to deal with the employee's personal problems can be cost-efficient and morale-boosting. At The Red Lobster, three nurses staff "Medicall," a toll-free telephone line at corporate headquarters in Orlando, FL.

Although the line was designed for the company's health insurance benefits department to preapprove health insurance use, it has grown to include an active assessment and referral program. Susan Gregory, R.N., health services coordinator, explains that managers may refer employees to the staff or suggest that the employee call. Gregory locates hometown resources for anything from marriage and family counselors to alcohol and drug abuse treatment programs.

"We treat a drug or alcohol problem as a disease, and won't fire employees because they are sick," Gregory says. "But if there is a behavior problem on the job, we counsel on the behavior. Medicall has given employees with problems—any number of problems—a place to turn for help, and the response keeps the phones busy consistently."

Other companies contract with an outside employee assistance firm—commonly referred to as an EAP provider or EAP contractor—to handle assessment, referrals and short-term counseling. Marriott Corporation has contracted with the Institute for Human Resources, Inc. (IHR) in Rockville, MD, to serve employees and their dependents at Marriott's corporate headquarters as well as managers and their dependents at metropolitan Washington, DC, Roy Rogers and Bob's Big Boy restaurants.

"The measure of our program's success is the continuation of its use," says Kathleen Alexander, vice president for Marriott's personnel services. Although IHR preserves employees' privacy by not revealing names or specific difficulties, Alexander receives reports on the number of people using the service and a general description of their problems.

Depending on the range of services and the number of locations a company has, the cost of EAPs may vary from $20 to $50 per employee per year. The cost drops as the number of employees rises. Some businesses are banding together to create consortiums to negotiate lower fees for services. Provided the companies agree on the services they want and they are clustered geographically so they can use one EAP office, many EAP contractors are happy to accommodate them.

"A consortium can be the answer for a business with only 15 or 20 people," says Don Phillips, president of the Center for Occupational Programs for Employees (COPE), a contractor that services a multibusiness consortium in Alexandria, VA.

Operators who opt against EAPs can find help from such community resources as Alcoholics Anonymous, the community mental health department and an inpatient substance abuse treatment center. Susan Gregory of The Red Lobster recommends that managers create, as part of their telephone directories, a list of community resources that are willing to help employees at minimal cost. "There are places where an employee can get government assistance or community help—and AA is free," she says. "Even if the employee is not insured, there is somewhere to turn. And all the employer needs to do is to provide support."

Paul Tobias, Ph.D., a psychologist and consultant in Malibu, CA, adds that other people who are recovering from an addiction can also be helpful. "Find one or two recovering addicts or alcoholics who will make a firm handclasp between the impaired person and recovering people in the community," he says. "Form the liaison before the problem crops up. I've never seen an instance where that nurturing didn't pay a lot of dividends."

No matter how the solution is approached, however, helping an impaired employee costs less than keeping him or her on and paying through increased insurance use, absenteeism, accidents and lowered productivity. Firing the employee and going through the hiring and retraining process with someone else adds even more expense. And employers with successful programs have found that morale and loyalty skyrocket when employees see that management is concerned about their personal well-being.

"Employee assistance programs in their various forms are one of the first ideas that have come along that are palatable to nearly everyone," notes Dr. Tobias. "Both industry and the unions agree that it works." ❑

Where to find help

- **For information on employee assistance programs and counselors**
  Association of Labor-Management Administrators and Consultants on Alcoholism, Inc. (ALMACA); 1800 N. Kent St., Suite 907, Arlington, VA 22209; (703)522-6272.
- **For free self-help groups**
  Alcoholics Anonymous
  Narcotics Anonymous
  Cocaine Anonymous
  Check your local telephone book for listings or call your community mental health office.
- **For free or low-cost government publications on addictions**
  National Clearinghouse for Drug Abuse Information; P.O. Box 416, Kensington, MD 20795.
  (Publishes a drug information pamphlet series, *Preventing Drug Abuse in the Workplace*, posters and a variety of other publications. Single copies are free. Request publications list and order form. Allow three to four weeks for delivery.)

MURALS

Murals are moving to the forefront of restaurant design. Once used primarily as decorative backdrops, they are being used today to set the tone of an establishment, not just echo its theme. Employing innovative techniques and textures, designers are developing murals as bold, exciting and personalized focal points in all types of restaurants—from the most sophisticated to the most casual.

"Murals are being conceived as part of the total architectural scheme, not as add-on background pieces," says David Rockwell, partner of the New York, NY–based Haverson/Rockwell Architects, P.C. "They are more than just painted walls; they make a statement for the whole restaurant."

"Making a statement" is the key behind the resurgence in murals. In this competitive era, restaurateurs are continually looking for ways to make their establishments stand out from the crowd. Many are finding that murals can provide the signature they are searching for. "Having a distinctive personality is so crucial for restaurants today," maintains Bill Aumiller, president of Aumiller Youngquist, P.C., a firm which often designs Lettuce Entertain You restaurants. "And, because they are customized, murals add a unique identity to restaurants, something no one else can buy or imitate."

Communicating an individualized identity with murals can work with single restaurants as well as multiple operations. "Even if you are working with multi-units," says Aumiller, "different murals with the same general theme can give each unit its own unique flavor."

Cost-efficient art

The growth in murals corresponds with the increasing appreciation of art as a valuable design element. "Just as people have become more aware of good food and wines, they have also become more aware of the artwork that surrounds them," says Barbara Smith, owner/partner of B. Smith's, the 200-seat, eclectic new member of the Ark Restaurants Corporation in New York, NY.

Cecelia Niepold is managing editor at **Restaurants USA**.

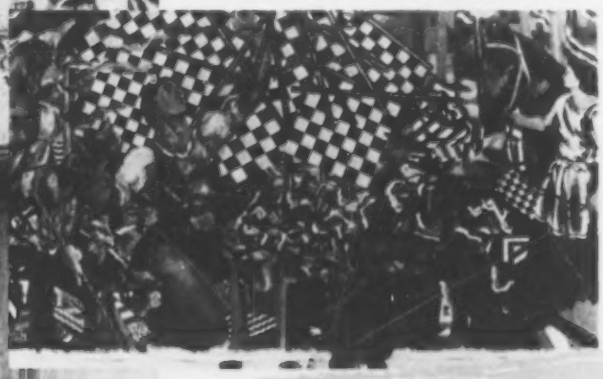
A Restaurant's Exclamation Point

by Cecelia Niepold

Murals, as the biggest, boldest type of artwork, are being recognized as a cost-effective way of presenting art. "People are realizing that in terms of cost, murals can be competitive with other treatments," explains Aumiller. "Once you have decided you want something more individualized than mass-produced artwork, murals can be more cost-effective than commissioning a whole series of paintings, for example."

Most designers agree that although the cost of murals can vary tremendously and can sometimes seem very expensive, the overall effect is well worth the dollars spent. For instance, murals can affect everyone in the room, not just the people sitting right next to them. "Murals give you a total mood, something bigger than life that other art forms can't quite do," says Brad Elias, president of Hochheiser-Elias Design Group, a restaurant design firm in New York, NY. "They provide a lot of bounce for the buck—you simply can't get that type of mileage any other way."

Murals can also be an efficient way to fine-tune an establishment's personality. Creating your own art can eliminate the sometimes frustrating hunt for just the perfect piece. "So often, you can't find art that will express the feeling you are trying to communicate," says Aumiller. "With a mural, you can commission exactly what you want—the size, shape, color, everything."



Four 13½ by 31-foot panels, teeming with flourescent colors, rearing horses and medieval pageantry encircle the bar at Palio, a one-year-old northern Italian restaurant in New York, NY, making visitors feel they are actually spectators at the traditional race held each year in Sienna. Painted by Sandro Chia, a renowned neo-expressionist Italian artist, the mural is at once stimulating, overpowering and awe-inspiring.

Lively groups of Spanish revelers seem to jump off six (average size nine 10 feet) murals at Cafe Babareebal, Lettuce Entertain You's tapas restaurant in Chicago, IL. Washed with bright Picassolike purples, pinks and turquoises, the boisterous scenes immediately project the restaurant's casual, partylike atmosphere.

Many design options

Murals can make a design statement in many different ways. They can add intimacy to large spaces as well as open up small areas. They can add a sophisticated, subtle touch or a lively splash of color. They can communicate a restaurant's overall theme or simply tie together its design in a variety of techniques, textures and styles. Here are just some of the ways murals are being used to add design distinction.

□ **Create a focal point, signature.** One of the primary ways operators are using murals is as a focal point for their concepts and the restaurant's personality. Murals can add a visual exclamation point to the overall design and can create an immediate signature for the restaurant.

Walking into B. Smith's in New York, the first thing one notices is the striking mural at the rear of the restaurant. And that was the intention. "Every restaurant needs a focal point, and ours is the mural," says Barbara Smith. "It's like a headboard; it caps the whole design." With its sophisticated blend of colors and textures, the mural immediately conveys the restaurant's distinct personality. "I wanted the restaurant to have an eclectic texture," says Barbara Smith, "and the mural was designed to communicate that idea."

Brad Elias used a mural treatment at the 100-seat Caliente Cab to develop a look that would set the establishment apart from the many other casual-theme restaurants in New York. Building on the restaurant's Mexican theme and its signature yellow cab, Elias developed a humorous three-panel mural, complete with a voluptuous Spanish woman pulling up her stockings in front of a cab driver and various other onlookers. "The mural really carries the theme," says Elias. "Take out the mural and the restaurant could be any neighborhood saloon. The mural is what gives the restaurant its signature."

□ **Communicate concept.** Some restaurants are using murals to personify their overall theme. Because different styles of art have come to represent different eras, murals can effectively communicate a concept's thematic "era" as well.

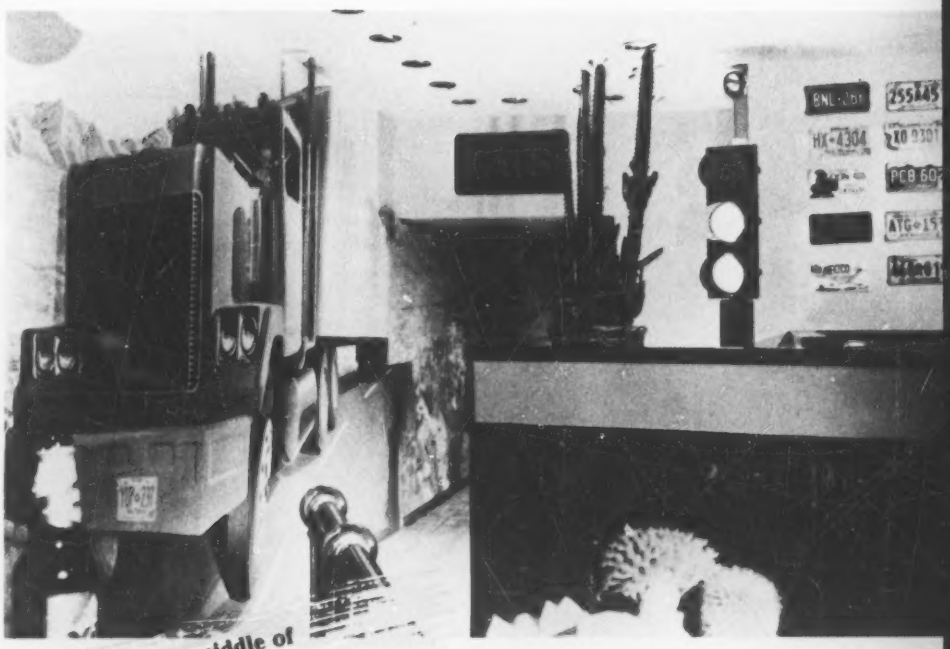
For instance, Cafe Beaux Arts, a 200-seat bistro in the Omni/Georgetown Hotel in Washington, DC, wanted to create an avant-garde concept that would work well in its art-oriented neighborhood. That is why the designer chose to mold the restaurant around the work of Wassily Kandinsky, a popular artist from the Beaux Arts School. Everything in the restaurant, from the coat racks to the wall sconces, is designed with a Kandinsky flair. To round out the design, each wall also has its own Kandinskylike treatment, complete with abstract shapes and primary colors. Manager Richard Cotter believes the murals are a key factor in

Because murals can make such a dramatic statement, how can you make sure the technique will work in your restaurant? First, think carefully about the effect you want to create. "Murals, just like any other decorative element, may add an enormous amount to the ambiance," says George Lang. "But," he is quick to add, "if not judiciously planned, chosen and installed, they can be extremely distracting, even offensive." Lang cautions restaurateurs to consider "the artistic subject, perspective, distance from which the mural will be viewed, its relation to the tables and traffic patterns and even the lighting in the room," before pulling out the paint brushes.

Once you have mentally incorporat-

projecting the overall concept. "Unlike a series of paintings, the murals really incorporate all the other elements of design and give the look its signature," he maintains.

J. Muncy & Co., a 120-seat, casual restaurant with a 1940s theme, has also used a mural to communicate its personality. A large, 10 by five-foot "Norman Rockwell-style" mural, filled with pedestrians standing outside an old-time J. Muncy & Co., instantly conveys the nostalgia the restaurant wants to project. Because the mural contains a series of action-packed vignettes, from a painter on a tilting ladder spilling his paint to a shoeshine boy buffing shoes, the mural also immediately adds life and vitality to the restaurant. "It takes you back into that era as well as adds a lot of hustle and bustle to the restaurant," explains Bob Sikora, president of Bobby McGee's Corporation in Phoenix, AZ, which developed the J. Muncy & Co. concept.



Steel gray and blue, the 18-wheeler seems to roar right into the middle of the bar area at Tube City Truck Stop in New York, NY. With its front end projecting from the background desert scene, the truck seems to lifelike that customers are drawn through the tunnel connecting the bar and the restaurant.

□ **Personalize large space.** While communicating a concept is generally the first reason designers turn to murals, another consideration is the actual architecture of the restaurant. Murals can often solve architectural dilemmas with an elegant flair.

At one end of the restaurant design continuum today is the use of large, almost loft-like spaces to create bustling, wide-open eateries. Murals work particularly well in this kind of concept. "In large restaurants, murals are almost a necessity," says George Lang, owner of Cafe des Artistes (New York, NY) and

Making a mural work

ed the mural into your overall design, the next step is to communicate your ideas to the artist or designer. "You must be very clear about the effect you want to create," emphasizes Bill Aumiller. "It's not the kind of thing you can just paint over and start again."

Most people find that sketching ideas and identifying comparable artwork are the best ways to verbalize their visual ideas. To get a better idea of what the final design will look like, sometimes artists will provide models, sketch their ideas on the walls or, as Judy Rifka did for her work at Union Square Cafe, outline ideas on acetate and project them onto the wall to adjust the position and composition.

Finding just the right artist can sometimes be the most challenging part of the whole process. To avoid costly mistakes, Brad Elias suggests looking at a wide range of portfolios and carefully checking each artist's credentials and reputation. "Don't settle for second best," maintains Elias. "There is nothing worse than a 20-foot wall done by an amateur."

Once he had a general idea of the mood he wanted to create, Danny Meyer of Union Square Cafe, took his time finding an artist. After seeing examples of Judy Rifka's wall installations in various museums, Meyer decided her style would best fit his restaurant's personality and architectural needs. Meyer is pleased with the collaboration. "It's a high-quality piece of art, consistent with the quality of food and wine we serve, and it works well with the other contemporary art in the restaurant," he says.

No matter how much they love the look of their murals, however, most restaurateurs realize that, after all, look is just one part of the whole concept and cannot carry the restaurant on its strength alone. "The Palio mural has brought in a tremendous number of people; it's a one-of-a-kind, magnificent piece of art," says Tony May, the restaurant's operator. "In the final analysis, though, the mural will bring people in once, but the food and service are what will bring them back time and time again."

Three panels of brightly painted humor, centered around a voluptuous women pulling up her stockings, gawking onlookers and a big, bright yellow cab, provide a colorful signature at the Caliente Cab in New York, NY.

international restaurant consultant. "They are easy and effective ways to saturate a large-scale space with motion and 'happeningness.'"

Scoozi, the new, 300-seat Lettuce Entertain You restaurant in Chicago, IL, is a prime example of using murals to bring a large open space to life. Aiming for an Italian trattoria atmosphere, designer Bill Aumiller "tamed" the wide-open 10,000-square-foot space with murals and other large pieces of art. Each of the murals is different, from a 35-foot dreamy, fresco landscape scene, which anchors a corner of the restaurant, to large, Rousseaulike portraits. "Literally, every wall has some type of treatment to make the space stimulating, almost like an artist's studio," explains Aumiller. "We wanted to add texture and depth to the space so that each time customers come in they notice something different."

America, a 350-seat eatery in New York, NY, has also used expanses of paint to personalize its lofty, 10,000-square-foot space. Every inch of the

New techniques

Here are some of the newest techniques designers are using to add distinction to today's murals:

□ **Texture.** To create more depth and visual interest, designers are adding interesting textures to murals. For instance, at Sushi Zen, a small 75-seat Japanese restaurant in New York, NY, designer David Rockwell created a dramatic mountainscape, which runs the length of the restaurant and opens up the restaurant's narrow dimensions.

To create a more textured look, he designed the mural out of four layers of wood, each layer covered with different shades of blue, pink and brown silk. Between each layer of wood are thin strips of neon, adding additional depth to the mountains' peaks and valleys.

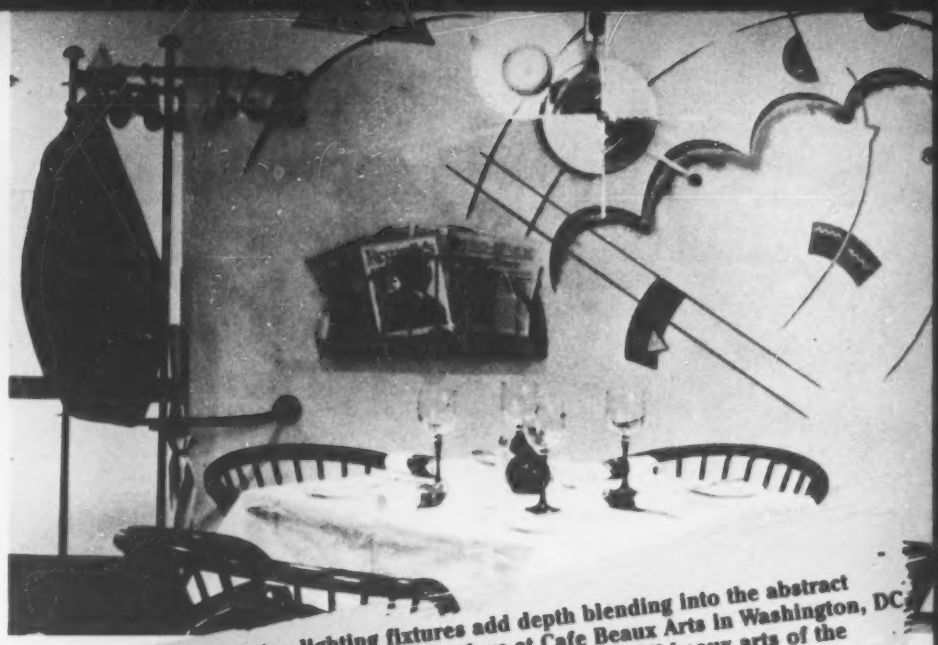
At Scoozi, a 300-seat restaurant in Chicago, IL, many of the paintings have been given a "faded" look to add to the traditional Italian trattoria atmosphere. Many were painted on the brick wall and then actually cracked to add more texture.

□ **Three-dimensional.** Designers are adding other textures to murals to give them and their restaurants more dimension. For instance, the 18-wheeler at the Tuba City Truck Stop in New York, NY, would not be nearly as effective if the front end did not actually stick out from the mural. That extra design element is what gives the truck its personality.

An interesting three-dimensional feature also gives Twenty Twenty, in New York, NY, a distinctive personality. To add a sense of intimacy to the large, two-story space, the designer installed seven murals around the upstairs balcony. Each is a flat, almost neutral, colored panel, brought to life with a startling neon-lit fire escape (the real thing) and a bright, lit-from-behind "window." The windows and the fire escapes create a multi-dimensional effect of being "outside looking in."

□ **Lighting.** Creative lighting techniques can add a great deal to the effectiveness of a mural. For instance, at Cafe Roma, a 150-seat northern Italian restaurant in New York, NY, an entire wall is painted with light and dark shades of blue to create a skylike effect. Spread throughout are bubbles of other colors, giving the mural additional depth and texture. Although the colors are intriguing, effective lighting really brings the mural to life. Four spotlights in blue and pink tones light the mural from below. During the day, the wall is lit to look skyblue, while at night, the sky seems to turn pink, almost like a sunset.

Lighting has been incorporated right into the mural design at the 200-Seat Cafe Beaux Arts in Washington, DC. Each mural contains a custom-designed, Italian glass sconce which echoes the squares and triangles of the Kandinsky design. At night, the lights seem to jump right out of the murals—adding a multi-dimensional look to the artwork.



Custom-design lighting fixtures add depth blending into the abstract wash of shapes and primary colors at Cafe Beaux Arts in Washington, DC. The Kandinsky-influenced murals echo the overall beaux arts of the other decorative elements, such as the unusual coatracks.

walls is covered with pastel interpretations of American scenes, ranging from a huge Statue of Liberty to a soaring eagle. Slashes of abstract black-and-white designs, patterned after Navajo sand scripture art, create a sense of movement amidst the mural's light pinks, yellows and blues. "We wanted to create a feeling of excitement with the mural to warm up the space and to give the overall design an unusual foundation that said 'America,'" says Michael Weinstein, president of Ark Restaurants Corporation, which owns the restaurant.

□ **Open up small spaces.** Although the expansive dimensions of murals make them a natural partner for large spaces, they can also be used effectively in smaller restaurants. With a little imagination, murals can expand a small area and transform an architectural "negative" into a positive.

Faced with a boxy dining area, 25 feet high with a center pillar and a small balcony, Danny Meyer, owner of the 120-seat Union Square Cafe in New York, NY, decided to open up the space with a mural. "I wanted something that would warm up the room and also add to diners' enjoyment," explains Meyer. And so he turned to a mural. The painting has a Matisse flavor, with its lush women and colorful fruit baskets that seem to float around the room, reaching to the top of the walls and around the pillar. The unconstrained wash of greens, oranges and bright pinks adds an extra dimension to the space, turning the high walls and inconvenient pillar into decorative assets.

At the Tuba City Truck Stop, a new 140-seat Tex-Mex eatery in New York, NY, designer Brad Elias used a representational mural to turn a dark, narrow tunnel connecting the bar and restaurant into a decorative feature. The mural's centerpiece, a 10-foot-long 18-wheeler, seems to roar around the corner of its mountainous desert background, which extends along the entire 20-foot tunnel. To make it really lifelike, the truck's fender actually sticks out about six inches from the wall. Without the vibrant, playful mural, the tunnel would be uninviting and uninteresting. Now, drawn by the unusual artwork, the first thing many patrons do is to walk through the tunnel to see where the truck is coming from.

Swirls of pastels, earth tones and gold leaf dance across a 12 by 25-foot wall in abstract patterns at B. Smith's in New York, NY. With its many colors and textures, the mural simultaneously synthesizes and expands the restaurant's rich, sensory theme of earthy vessels and urns.

A lasting trend?

Murals have been around for a long time and will probably continue to play an important role in restaurant design. "I believe murals will continue to evolve, as more people discover their possible impact," predicts Brad Elias.

If the look is right for your restaurant, if it gives the establishment a signature that works, a mural won't lose its punch over time. As George Lang says, "Great art has a certain timelessness; it has a way of communicating to everyone, regardless of their age, education or any other denominator." He should know. The beautiful Howard Chandler Christy murals at Cafe des Artistes, with their playful nudes and lush foliage, have been communicating to customers for more than 50 years. They certainly haven't lost their appeal. ❑

LIFE IN TH BUS

A Non-family member's view

by Anne Papa

When Leo Rodby first hired Margaret Kuraoka to wash dishes at Kemoo Farm, an upscale restaurant in Wahiawa, Oahu, HI, she was so small she needed to stand on a box to reach the sink.

Today, 74-year-old Margaret Kuraoka still works at Kemoo Farm, coming in once a week to arrange the fresh flowers for which the restaurant is famous. But now her boss is Leo Rodby's son, National Restaurant Association Director Dick Rodby, who says that "in many ways, Margaret still rules the roost. She's like one of the family." Kuraoka couldn't agree more. "I held Dickie on my lap. I watched him grow up," she explains. "Now that he is boss, he doesn't deny me anything."

★ ★ ★

Jim Black, vice president of administration for San Antonio, TX-based Frontier Enterprises, first came to the company as an assistant to company president and current National Restaurant Association President G. "Jim" Hasslocher. "I'd never worked for a family-owned business before," says Black, "and I was immediately impressed with the entire Hasslocher family's involvement." After eight years with the company, Black says he has adopted the "Hasslocher work ethic" as his own. "They demand a great deal," he acknowledges, "but once you prove yourself, you're made to feel like part of the family. In fact," he adds, "that's exactly what Frontier Enterprises seems like at times—one big extended family."

The essential non-family employee

Loyal non-family employees, such as Margaret Kuraoka and Jim Black, are invaluable to the family business. "In any family business, it is impossible to breed enough employees," maintains Leon Danco, president of the Cleveland, OH-based Center for Family Business. "Eventually, if you're successful enough, key positions will have to be filled by non-family members."

Danco terms these non-family employees "adopted relatives of the family business," and, indeed, that is often

An early photograph of the Kemoo Farm Restaurant "family" of employees.

Bev Schmidt

Anne Papa is a communications specialist for the National Restaurant Association.

E FAMILY INESS

Inset: Margaret Kuracka in 1940.

Christine Flynn

what they are. In addition to their regular responsibilities, such as management, accounting and marketing, non-family employees may be called upon to mediate a family discussion or to handhold a new family member who is just starting out. "Family businesses are generally less structured and less rigid than are publicly held corporations," observes Danco. "The rules of the game are different—even for non-family employees."

In fact, it is this very sense of feeling like an "adopted relative" that fosters loyalty and respect among non-family employees. Bev Schmidt, an employee of the Klingeman family of Winnetka, IL, who has been seating customers in their Indian Trail restaurant for the past nine years, puts it this way: "I feel comfortable using the collective 'we' when talking to customers, as in 'We are expanding the menu' or 'We are developing such-and-such a program.' The Klingemans are such a close-knit family that it translates to the business; we're all made to feel almost as though it is our business, too."

Says Jim Black of Frontier Enterprises, "Even though the Hasslochers operate at full throttle, they never lose sight of the importance of family—and that goes for employees' families, too." Black recalls a time recently when his children were home sick with chicken pox. "I told Mrs. Hasslocher I needed a few days off, and she simply said, 'Fine. Take whatever time you need.' No questions, no hassles. And the first question she asked when I got back was, 'How are the kids?'" Black speculates that such concern for an employee's welfare is a natural extension in a family-owned business. "In a big corporation, you may not find such consideration," he says.

According to Leon Danco, Black's speculation holds true for many family business operations. "The demands on the family business employee are great," Danco acknowledges, "but so are the rewards. The non-family employee will likely find that the warmth and respect shared by the family will extend to him or her as well."

The advantages of being non-family

Although being treated like "one of the family" inspires loyalty and respect, non-family employees are quick to point out that not actually being part of the family has definite advantages.

"When I leave the restaurant at quitting time, I truly leave it behind," says Bev Schmidt of Indian Trail. "I don't need to think about the business during my off-hours, and I don't need to worry that I'll be called at home about work-related problems." Schmidt explains that this ability to leave the job behind is a luxury the Klingeman family does not share. "While I am certain the Klingemans don't spend morning, noon and night discussing the restaurant, for them it is always there," she says. "They are ultimately responsible for every success *and* every problem, even if they aren't actually on site."

"Now, I doubt I'll ever leave. With all of the time and money I've invested, I am totally committed to the company." —*Wayne Judah*

Christine Flynn, dining room manager at Regas Restaurant in Knoxville, TN, echoes Schmidt's sentiments. In fact, Flynn first came to work for the Regas family 33 years ago because "I had a high-pressured job which I didn't want. I began waitressing at Regas because it meant less responsibility; I could simply do my job and go home." Of course, when the Regas family promoted Flynn to management, her responsibilities greatly increased. But she is still able to forget about the job when she leaves the restaurant—something that the Regas family cannot do as easily. "They can't always get away from the pressure simply by leaving the building," Flynn maintains.

As a manager, Flynn believes she has another advantage over the Regases. "Often, hourly employees will come to me before going to the family," she explains. "They are able to relate to me a little bit better. I sometimes function as a 'middle man,'

"I feel comfortable using the collective 'we' when talking to customers, as in 'We are expanding the menu' or 'We are developing such-and-such a program.'" ***—Bev Schmidt***

deciding whether or not an issue warrants the family's attention. I think this benefits both the Regases and their staff."

Finally, Wayne Judah, general manager of the Admiral Risty Restaurant in Rancho Palos Verdes, CA, points out that as a non-family employee in a family business, his opinions are highly regarded—because they are frequently more impartial. Management of the Admiral Risty is virtually left to Judah, with owners Ralph (an association honorary director) and Risty Wood coming in twice weekly for consultations. Judah says the Woods have put this trust in him because they have grown to respect his judgment. "I began giving my opinions early on—opinions which didn't always correlate with theirs," he explains. "But because I wasn't a family member, because I was not *among* the trees, I was better able to see the entire forest. My emotional detachment enabled me to be more objective." It was this objectivity, says Judah, which earned him the respect of the Wood family and his current position at the Admiral Risty.

The disadvantages

But just as there are advantages to being a non-family employee in a family business, so there are drawbacks.

While Bev Schmidt of Indian Trail generally appreciates the flexibility and informality with which the Klingemans regard their employees, she acknowledges it can sometimes create problems. She cites a recent occasion when she served jury duty, an obligation which kept her off the job for a few days. "When I approached the Klingemans about my compensation for the time I was out, I was told there was no set policy regarding jury duty," she explains. "Had I been working for a large chain, such a policy would most likely have been in place."

Schmidt adds that the lack of rigid structure within the company also occasionally creates confusion among management. "Because there are so many family members involved in the business, there is sometimes a conflict in directions," she observes. "One person says one thing, the next person says another. And there is needless repetition, with two or three people asking me to perform the same task."

Christine Flynn of Regas agrees that conflict in directions can sometimes make her job difficult. "The Regas brothers—Frank, Bill (an association past president) and Gus—are all very different," she explains. "Sometimes I feel as though I'm caught in the middle of their decision making." But Flynn and Schmidt both emphasize that these disadvantages are minimized by their bosses' willingness to listen to and heed their complaints.

"I feel as though I've been given as much of a chance as any of the Hasslocher children," he attests.

Says Christine Flynn, "Because there are so many Regas family members involved in the business, an outsider hoping to move up might find it difficult. However," she adds, "in my 33 years here, I've never seen any opportunity denied to an employee."

A contented lot

Finally, does long-term employment within a family business inspire non-family members to branch out—to start family businesses of their own? Not necessarily, says Leon Danco. "True, employees do have a front-row seat on their bosses' entrepreneurship and success," Danco notes, "but they also witness the pressures, the investments, the sleepless nights. The downside helps make the non-family employee perfectly content with his or her lot."

Jim Black says that after almost a decade with the Hasslochers, he is not ready to start his own business anytime soon. "It's easy to get caught up in the zeal, the 'entrepreneurial spirit,' but there's more to it than that," he says. "You need to weigh both sides. Quite honestly, I would not want to put the pressure and tensions on my family. I'm perfectly happy with what I'm doing."

"Often, hourly employees will come to me before going to the family. They are able to relate to me a little bit better. I sometimes function as a 'middle man'...." ***—Christine Flynn***

A limited opportunity for advancement is another disadvantage often faced by non-family employees in a family business, according to Leon Danco of the Center for Family Business. "No matter how good you are at cutting the grass, you're never going to own the house," says Danco. "As an employee in a family business, you need to accept the fact that the boss's kid is the only one who will someday be the boss."

Jim Black of Frontier Enterprises acknowledges that advancement opportunity may be limited in a family business, but he doesn't necessarily consider this a drawback. "No, you're never going to become president," he says, "but the odds are you won't become president of the big, publicly held corporation either." Black adds that, among the Hasslocher family, blood is not thicker than water—that is, advancement at Frontier Enterprises is based on merit rather than on family.

Wayne Judah of the Admiral Risty says he did consider opening his own restaurant at one point. "I'd been with the company for a while, and I realized I needed something more—either to gain equity in the company or to open my own place," he recalls. "So I sat down with the Woods. We discussed my needs *and* their needs and came to a resolution." Today, Judah owns 10 percent of the restaurant's stock. "Now, I doubt I'll ever leave," he says. "With all of the time and money I've invested, I am totally committed to the company." ❑

The jury is still out on monosodium glutamate

Monosodium glutamate (MSG) has been used as a flavor enhancer for more than 70 years, but it continues to be controversial. Although MSG is a food additive approved by the Food and Drug Administration (FDA), it has been implicated as causing reactions in sensitive people. However, recent studies indicate it may be rarer than once thought.

Safety issues

MSG is the sodium salt of glutamic acid or glutamate, a protein component. Technically classified as a "flavor potentiator," MSG is odorless and flavorless, but enhances the flavor of food to which it is added. Scientists have been unable to determine how MSG works. Some speculate that it may enhance our taste perception, thus increasing a food flavor intensity.

Glutamate occurs naturally in foods. In fact, the ancient Japanese often used seaweed, a good source of glutamate, in soups and stocks. But it was not until 1908 that glutamate was isolated and recognized as the cause of the seaweed's flavor-enhancing capabilities. Tomatoes and mushrooms, also high in glutamate, have traditionally been used to perk up otherwise bland foods, such as pasta.

FDA classifies MSG as a GRAS (generally recognized as safe) food additive and considers it a useful flavor enhancer. According to a 1980 report commissioned by FDA, there is no evidence to suspect that MSG, at current levels of use, is hazardous to the public. It is estimated that, in the United States, average MSG intake ranges from one-half to one gram per day. Yet, the authors of the report pointed out that without more data it is not possible to determine whether a significant increase in consumption would be hazardous.

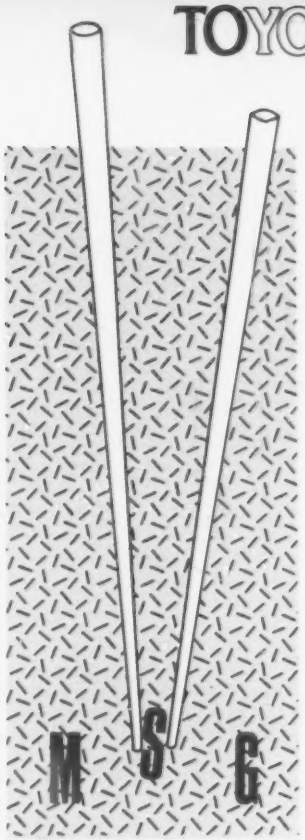
MSG is a significant source of sodium; approximately 12 percent of this food additive is sodium. One teaspoon of MSG provides 615 milligrams of sodium. Although its sodium content is lower than table salt—2,100 milligrams per teaspoon—it is generally recommended that people limiting their sodium intake steer clear of MSG.

MSG does not pose any threat to unborn babies because it does not cross the placenta (the semi-permeable membrane between a growing fetus and its mother) and it does not affect the mother's milk.

Chinese Restaurant Syndrome

MSG has been implicated as the cause of the so-called "Chinese Restaurant Syndrome." This food sensitivity is commonly characterized by three symptoms: increased facial pressure, chest pain and a burning, tight or tingling sensation in the upper trunk. This reaction is often dose-related, becoming more severe with increasing consumption, and self-limiting, beginning about 15 minutes after intake and lasting about one hour.

Chinese Restaurant Syndrome became well-known in the late 1960s when a letter from Dr. Kwok, a Chinese



physician, appeared in the *New England Journal of Medicine*. He described symptoms that occurred after eating Chinese food in American restaurants, but not after eating home-cooked Chinese food. Follow-up correspondence suggested the symptoms were produced by MSG, thus establishing the relationship between MSG and the syndrome.

Almost 20 years have passed since Dr. Kwok's letter appeared in the *New England Journal of Medicine*, and scientists are still trying to document MSG as a cause of Chinese Restaurant Syndrome. "The jury is still out. The mystery persists. We are not much closer to an understanding than we were 17 or 18 years ago," says Dr. Richard Kenney, professor of physiology at George Washington University Medical School in Washington, DC. Kenney, a prominent MSG researcher, describes the dilemma: "Some people who experience discomfort believed to be caused by MSG don't react in a laboratory test. They report burning sensations, but objectively there are no changes in skin temperature. They say they feel flushed, but there's no evidence of increased blood flow."

Kenney speculates that all the publicity over MSG and Chinese Restaurant Syndrome has resulted in a tendency to inappropriately associate the sensitivity with MSG. "In a large study (3,000 people), we found that those who had heard of Chinese Restaurant Syndrome and believe they know what it is were 10 times more likely than the general population to report the symptoms," Kenney says.

"It looks as though a reaction to MSG may exist, but it's rarer than we thought. As a wild guess, I estimate that about one to two percent of the population could react to the amount of MSG used in foods, but this isn't a reliable figure," he cautions.

His advice to restaurateurs: "MSG has a function, as all condiments do, to increase the enjoyment of food. This adds a positive value nutritionally. My experience in the lab shows that beyond a low dose, MSG actually degrades flavor. Therefore, it probably isn't being used in large amounts, and the incidence of adverse reactions should be low."

Kenney was asked if he recommended that operators using MSG put a notice on their menus. "That's a difficult question. I don't really know. Should they print a notice that they use other condiments, like Tabasco or soy sauce?" he ponders.

Given the number of people who believe they react to MSG, wise restaurateurs will be prepared to answer questions about its use in their operations.

—Claire Regan, R.D.

Grisanti nominated association Chairman

Last month during its winter meeting, the National Restaurant Association Board of Directors approved the nomination of Michael Grisanti as Chairman of the Board and President.

Nominating Committee Chairman James A. Collins also put forward the names of Jim L. Peterson and Harris "Bud" Rusitzky to serve as Vice President and Treasurer, respectively. Both nominations were approved by unanimous vote.

Grisanti is president of Louisville, KY-based Grisanti, Inc., a division of Imasco USA, Inc., which operates restaurants in Kentucky, Nebraska, Colorado, New York and Indiana.

He is currently Vice President of the National Restaurant Association and has served the association as Treasurer and chairman of the Finance Committee, chairman of the Membership Development Committee, chairman of the Communications Committee, chairman of the Hospitality Project Task Force and chairman of the Task Force on Alcohol Awareness.

In 1979, Grisanti represented the association at the ANUGA Food Expo in Cologne, West Germany, and in 1983 represented the association on the Board of Directors of the Mexican Restaurant Association.

Grisanti was an elected delegate to the 1980 White House Conference on Small Business. He was also co-founder and vice chairman of the Third Century, a group of young professionals dedicated to the revitalization of downtown Louisville. He is active in many other Louisville organizations.

In 1981, Grisanti was the recipient of the prestigious Ivy Award, bestowed by his peers for achieving excellence in foodservice.

Jim Peterson, who was nominated to serve as Vice President, is president and chief executive officer of Whataburger Inc. (Corpus Christi, TX), which operates 350 fast food units throughout the southwest.

Currently serving as the association's Treasurer, Peterson received the Gold Chain and the Multi-Unit Foodservice Operator of the Year Award. In 1983, he was awarded the coveted Silver Plate Award as Foodservice Operator of the Year.

"Bud" Rusitzky, who was nominated to serve as Treasurer, is president and founder of Serv-Rite Food Service and Consulting Corporation (Pittsford, NY). He is currently chairman of the board of the Culinary Institute of America and is past president of the New York State Restaurant Association. He has served on the National Restaurant Association Board since October 1977.

The membership is expected to approve this slate of officers during the general membership meeting at the association's Show in Chicago this May. The officers will then serve a one-year term.

Sen. Lowell Weicker (R-CT), chairman of the Senate Small Business Commitee from 1981–1986, addressed the association's recent winter Board meeting in Florida. Weicker said he opposed the Reagan administration's proposal to increase employer FICA taxes on tips. He also predicted that some type of minimum wage increase would be passed by this Congress but that it would be a moderate one. Looking on is John R. Farquharson (ARASERVE; Philadelphia, PA), chairman of the association's Government Relations Committee.

Board establishes Larry Hilaire Scholarship

At its winter Board meeting, the National Restaurant Association's Board of Directors allocated $10,000 toward a scholarship in memory of industry leader Larry Hilaire, who died last December at the age of 80. The Larry Hilaire Scholarship Award, to be administered by the educational foundation of the National Restaurant Association, will award an annual scholarship to a student majoring in hotel, restaurant and institution management.

In announcing the scholarship, association President G. "Jim" Hasslocher said, "Larry Hilaire's contribution to the National Restaurant Association, as an active member of the board for 40 years, was invaluable. But this contribution is surpassed by his service to the foodservice industry and to the city of Portland, Oregon, where he lived and worked."

The son of a half-French, half-Belgian butcher and his Dutch-born wife, he got his start in the restaurant business as a soda jerk—a "sweet-water chemist," he termed it—at a Portland soda fountain and confectionery store. After graduating from the University of Oregon in Portland, he held a succession of foodservice positions in other West Coast cities. But Portland was home, and in 1933 Hilaire returned to open his own restaurant, Hilaire's. Dinner on opening day cost 35 cents.

Hilaire later opened Hilaire's Encore, also in Portland. Both restaurants were favorites among Portland residents until 1984, when a decline in downtown business and poor health caused Hilaire to close both establishments after 50 years and three months in business. He continued to maintain interests in numerous Portland business properties, many of them restaurants.

Throughout his career, Hilaire was a tireless civic leader who devoted endless time and energy to city, state and national projects. During his year as president of the National Restaurant Association, an office he held in 1957, Hilaire visited almost every state in the union—usually in his own automobile—to encourage the growth of the state restaurant associations. Where such an organization did not exist, he was instrumental in laying plans for its founding.

Fisher's Law #81

10 rules for board meetings

Most business organizations establish a board of directors which exercises management oversight and fiduciary responsibilities on behalf of shareholders. These boards hold periodic meetings. Although I have observed that different boards function in different ways, I think every board should adopt some generic rules of conduct. Here they are.

1. No jumping. There are times when the company may reach certain milestones, such as achieving a record year or getting its price in a merger negotiation. Despite impulses to the contrary, jumping *up* to give another director a "high five" should not be allowed out of health and safety considerations for those whose feet have not left the ground for many, many years. There are also times when things may not go well with the company, and jumping *down* or jumping *out* should not be allowed either because that represents really bad taste

and can cause image problems for the company.

2. No fisticuffs. On occasion, slight differences of opinion may occur between board members—not on matters such as increasing the compensation paid to directors or whether there should be a directors' retreat at a plush resort—but on everyday matters, such as raising the debt/equity ratio to 9:1, selling off the asset base of the company, etc. Even though such matters are trivial, no fisticuffs should be allowed in the boardroom. Fisticuffs can lead to handcuffs as well as to newspaper reports, and that could tarnish the image of the company. To settle disputes, directors should move outside to the parking lot where tables and chairs don't get in the way.

3. No name-calling. Every so often, when differences of opinion are expressed, there is the temptation to call another director a name. This should not be done because most of the directors will not know the definitions of such words as "prestidigitator" (trickster), "necromancer" (sorcerer) or "mummer" (actor).

4. No solicitations. The boardroom is not the place to try to raise money from other directors for other causes. The best time to do this is when you have offered some fellow directors a ride home. That is when you have the upper hand. If they don't agree to make a contribution, you can drop them off and let them walk home. The word will get around fast, and you'll get your pledges or you won't have to worry about taking anyone home in the future.

5. No snoring. This should be self-explanatory. The reason snoring should be disallowed is that it awakens other non-snoring directors who have the courtesy to sleep in silence. Furthermore, snoring can be misinterpreted as a vocal sign of approval for the agenda item under discussion, and snoring is really not the appropriate signal. The appropriate signal is the slight nodding of the head, which most sleeping, non-snoring directors have perfected.

6. No joking. The boardroom is no place for jocularity, joviality and jest. Director responsibilities are serious (that's why directors' and officers' liability insurance premiums have skyrocketed). No one is interested in or amused by humor or word traps such as:

Boss: "Do you know how to keep an unproductive employee in suspense?"

Employee: "No! How?"

Boss: "I'll tell you on Friday!"

Such banter does nothing to foster camaraderie, and it detracts from the real purpose of the board meeting which is to excoriate management, create internal intrigue and press for better refreshments.

7. No agenda. When management prepares a tightly drawn written agenda for the meeting, there is too much room for manipulation, such as putting important issues last so that management's recommendations are accepted since there is no time to discuss alternatives. That is why board meetings should be held without a structured agenda. This also allows for a cacophony of side conversations, which each individual director considers to be more important than the general discussion anyway.

8. No compromises. Business is not primarily politics; it is primarily economics. While politics may be the art of compromise, business is the science of growth through investment. Accordingly, the

board should never compromise on internal or external issues. It should hammer out a hard-and-fast position and not budge from it under any circumstances. After all, boards have to stand—or sit—for something, and, if the board compromises, it will get the reputation of being an "easy" board.

9. No comment. The board meeting is no place for great oration. The adjoining lounge is the best place because it is likely to have a mirror, which can allow for immediate feedback and body posturing, plus some plumbing acoustics to underscore major statements. In the boardroom, a quiet director is likely to be a re-electable director.

10. No motions. There should be no verbal or physical motions. Verbal motions clutter up the records, take time, stimulate debate, often require costly outside research or consultants and generally create havoc with management's scheming. Physical motions should not be allowed either, such as table pounding (bad for the furniture), foot stomping (bothersome to the inhabitants on the floor below), chest beating (too often accompanied by a Tarzan yell) or standing up and walking around (shows secret desire to be on the golf course). Slow motion is not acceptable either.

Fisher's Law #81. ***If you follow these rules for your board of director meetings, you will have your directors bored at the meetings.***

1985 analysis

Franchise sector continues to diversify

Franchise restaurant sales totaled $47.7 billion in 1985—up 9.9 percent over 1984. There were 73,892 units in operation—4.9 percent more than in the prior year. Operators expected the rate of both sales and unit growth to pick up in 1986. In 1987, sales are forecast to approach $58 billion, and nearly 86,000 franchise units should be open for business.

Franchisors and franchisees operating in the mid-1980s face an environment in which competition is stiffer and avenues of growth are often difficult to find. Responses to these tougher business conditions have been varied. Many firms have taken a "back-to-basics" approach to their business by placing renewed emphasis on food and service quality. Signature menu items and/or methods of service are again in the spotlight as operators hope to capitalize on what it is they do best to boost customer counts.

Increased competition has caused further diversification within the franchise sector. Menu expansion is taking place at a rapid rate, and unique operating methods have caught the attention of many. Drive-thru-only units, mini-units, mobile units and delivery are among the developing service options playing a more important role in recent years. Some franchisees have created their own concepts and now wear both franchisee and franchisor caps. Others have taken on new concepts to become dual franchisees. Regardless of which approach is taken, the aim is to spread risk and fuel growth, especially in highly saturated markets.

The recent wave of mergers and acquisitions has also contributed to the growing complexity of the franchise system. And aggressive marketing, including advertising campaigns aimed directly at competitors, has become commonplace and has sparked heated battles over market share.

Consumer preferences are also shaping the direction taken by franchise restaurants. An aging public with more sophisticated tastes has operators scrambling to update their images through major remodeling programs. Growing interest in health and nutrition has ignited a debate over the nutritional value of some restaurant fare. In response, franchise operators have revamped menus to include some lighter items, such as soups and salads, and altered preparation methods. They also have made nutritional information more readily available to their patrons.

Higher levels of consumer debt and greater concern over the price/value offered by restaurants have pushed promotional activity to record levels. Coupons, sweepstakes, games and special events are being used to entice consumers to spend their food dollars in restaurants. Moreover, fast-paced lifestyles have consumers clamoring for convenient meals, causing stepped up expansion of takeout and delivery services at franchised restaurants.

A significant part of the restaurant industry

According to the U.S. Department of Commerce's *Franchising in the Economy, 1985–1987* survey,* franchise restaurants represent one of the largest sectors of the total franchising industry. With nearly 74,000 units in operation in 1985, franchise restaurants ranked second in size among all franchise businesses. Sales of $47.7 billion placed them in fourth place in terms of dollar volume. Franchise restaurants also comprise a large slice of total eating places, accounting for about 30 percent of eating place units and 43 percent of sales in 1985. Five years earlier, franchise restaurants held a 25-percent share of eating place units and a 39-percent share of sales.

Although many small entrepreneurs are involved in or own restaurant franchises, larger organizations play a more significant role. The 13 largest firms (those with more than 1,000 units) added about 3,000 units in 1985, bringing their market share to 55 percent. In the prior year, these firms held a 53-percent share of the market. Sales in this group rose from $26.2 billion in 1984 to $28.6 billion by the close of 1985. However, the share of total sales slipped by a small margin.

Although the largest firms made healthy gains in 1985, they were eclipsed by the second tier of firms—those with 501 to 1,000 units. One new firm joined the group, bringing the group total to 17. This contributed in part to the group's dramatic 20-

Franchise restaurant distribution by size of firm

In 1985, large firms dominated the franchise restaurant industry

	Establishments			Sales		
Firm size	Total units	Percent change[1]	Share[2]	Total sales (in billions)	Percent change[1]	Share[2]
1001 +	40,296	7.6%	54.5%	$28.6	9.4%	60.1%
501–1000	11,331	7.1	15.3	6.0	19.6	12.6
151–500	10,925	−1.5	14.8	6.9	9.2	14.5
51–150	5,830	0.4	7.9	3.0	3.9	6.3
11–50	4,770	−0.2	6.5	2.7	3.9	5.7
1–10	740	−4.0	1.0	0.4	0.8	0.8

[1]Percent change is over the prior year.
[2]Share is of total franchise restaurant units and sales.
Source: *Franchising in the Economy, 1985–1987*, U.S. Department of Commerce, 1987

percent rise in sales—the largest increase across all the franchisor groups. These medium-sized firms accounted for 13 percent of all franchise restaurant sales in 1985—up one percent over 1984.

In 1985, firms with between 151 and 500 stores and those with 50 to 151 units both suffered a drop in total number of units, but they were still able to register modest gains in total sales. Smaller franchisors had a somewhat tougher time, however. Those owners with 10 or fewer units saw their numbers drop by four percent, and the group's sales slid to $374 million.

Service options available at franchise [illegible]

Drive-thru and self-service are most popular service options at franchise restaurants

Restaurant type	Number of firms: Drive-in, drive-thru or self-service	Number of firms: Waiter/waitress service
Hamburger	99	6
Pizza	73	29
Chicken	28	2
Mexican	22	14
Seafood	7	7
Steak/full menu	20	97
Pancake	0	13
Sandwich/other	49	4
Total	**298**	**172**

Source: *Franchising in the Economy, 1985–1987*, U.S. Department of Commerce, 1987

[illegible] sales and units

By the close of 1987, there should be more than 86,000 franchise restaurants in operation, with sales reaching $58 billion

	Number of units: Company-owned	Number of units: Franchisee-owned	Sales: Company-owned	Sales: Franchisee-owned
1975	11,685	31,298	$4.0	$8.2
1980	17,826	42,133	9.1	18.7
1985	23,574	50,318	17.3	30.4
1986*	24,372	53,916	18.3	33.2
1987*	26,293	60,106	20.4	37.6

*Figures are estimated by the survey respondents.
Source: *Franchising in the Economy, 1985–1987*, U.S. Department of Commerce, 1987

A choice of service

Customers of franchise restaurants not only have a variety of menus to choose from, but they also have some options in terms of service. For that quick bite to eat on the way to the office or for a takeout meal to munch while watching television, drive-thru, drive-in or self-service may be the choice. On the other hand, when a more relaxing meal out is called for, consumers can look to franchise restaurants offering waiter/waitress service.

A total of 298 franchise restaurant firms had drive-thru or self-service options available to customers, representing 63 percent of all firms and 172, or 37 percent, had waiter/waitress service. These proportions are unchanged from 1984. Not surprisingly, drive-thru and self-service are more widely available at franchise restaurants that tend to be fast food places. More than 90 percent of the hamburger, chicken and sandwich franchise firms offer drive-thru and/or self-service as do about three-fourths of the pizza firms. Furthermore, hamburger places accounted for one-third of all franchised restaurants that had these service options in 1985, and pizza places had a 25 percent share.

Waiter/waitress service was found most readily at steak/full menu and pancake franchise restaurants. Ninety-seven of the 117 steak/full

**The U.S. Department of Commerce's* Franchising in the Economy, 1985–1987 *survey contains current information for 470 franchise restaurant firms operating 73,892 company-owned and franchisee-owned units across the United States.*

Highlights

- The franchise restaurant industry continued to expand in 1985. Sales topped $47.7 billion, and there were 73,892 units in operation. Estimates for 1986 indicate sales should total $51.5 billion and the number of franchise restaurants should climb to 78,288. By the end of 1987, operators forecast sales will reach $58.0 billion and 86,399 units will be open for business.
- In 1987, franchise restaurants are expected to account for nearly 46.0 percent of total eating place sales, up from 43.0 percent in 1985.
- Pizza franchise restaurants recorded the strongest gains in both sales and number of units in 1985—up 26.0 and 11.6 percent, respectively. However, in 1986, sandwich franchise operators were expected to grow more quickly than pizza operators. By the close of 1987, sales in the sandwich segment are forecast to hit the $1.1-billion mark.
- Sales and unit estimates for 1987 indicate that hamburger places will continue to dominate the franchise restaurant industry, accounting for one-half of total sales and 40.0 percent of units. Steak/full menu restaurants will rank second in share of sales—16.4 percent. Pizza places will rank number two in share of units, 21.0 percent.
- Sales at franchise donut and ice cream/yogurt shops were $2.3 billion in 1985. They are forecast to total $2.9 billion in 1987.
- A total of 61 franchise restaurant firms operated 6,122 international units in 1985. In comparison, 67 firms had 5,990 units open in foreign countries in 1984. Canada (1,542 units) and Japan (1,436 units) had the highest concentration of U.S. franchise units.

menu firms operating franchises in 1985 provided waiter/waitress service, accounting for 56 percent of all firms with waitstaffs. Waiter/waitress service was the only method of service available at pancake franchise restaurants that year. One-half of the seafood franchise firms used waiters/waitresses to serve their customers in 1985, the same proportion which had drive-thru or self-service options to offer patrons.

Franchise restaurant sales and units
by restaurant type

Pizza places made the biggest gains in 1985

Restaurant type	Number of units	Share of total number of franchise units	Sales (in billions)	Share of total franchise restaurant sales
Hamburger	30,563	41.4%	$23.4	49.1%
Pizza	14,174	19.2*	6.2	13.0*
Chicken	8,720	11.8	4.1	8.6
Mexican	4,125	5.6*	2.4	5.0*
Seafood	2,423	3.3	1.2	2.6*
Steak/full menu	9,466	12.8	8.6	18.0
Pancake	1,761	2.4	1.1	2.3
Sandwich/other	2,660	3.6	0.7	1.4

*Denotes those segments that increased their share of the total market since 1984
Source: *Franchising in the Economy, 1985–1987*, U.S. Department of Commerce, 1987

Pizza place sales surge

All segments of the franchise restaurant industry saw sales rise by at least five percent in 1985, with many registering double-digit increases. Unit growth lagged behind sales for the most part, but the majority of segments made respectable gains.

Pizza places made the largest gains in 1985. Their share of total sales was 13.0 percent, and they held a 19.2-percent share of the total number of units—up from 11.3 percent and 18.0 percent, respectively, from the year before. Sales surged to $6.2 billion—up nearly 26 percent over 1984—and the number of pizza places rose by 11.6 percent. Company-owned pizza restaurants set the pace for sales growth, while franchisee-owned stores fueled overall unit growth.

The recent explosion in the pizza segment can be traced to aggressive promotion, expansion of home delivery service and operators' experimentation with new varieties of pizza items designed to satisfy customers' yen for unique taste sensations. Pizza franchise expansion is expected to have continued in 1986 and is forecast to remain strong in 1987.

Other successful concepts in 1985 included Mexican franchise restaurants and seafood places. Total sales at Mexican restaurants topped $2.4 billion in 1985—up 13.6 percent over the prior year. Company-owned stores led the way with a 30.0-percent increase in sales. Mexican franchise restaurants upped their share of the total market to 5.6 percent in 1985, thanks to a 9.3-percent rise in the total number of establishments.

Among seafood franchise restaurants, both company and franchisee-owned stores contributed to the 12.9-percent increase in total sales. The number of seafood establishments open for business reached 2,423 in 1985, representing 33.0 percent of all franchise restaurants. Seafood franchise operators expect the segment to continue expanding through 1987.

Sandwich franchise operators are exploring ways to snatch a piece of the giant fast food market. They are hoping their focus on fresh ingredients and made-to-order service will help them achieve their goal. Signs indicate their strategy may be working. Since 1980, these operators increased their stake in the franchise restaurant industry and recorded several years of explosive growth. In fact, compared to 1983 and 1984, when sales grew by more than 20 percent, 1985 looked like a slow year. Sales climbed 8.8 percent to just over $680 million, and unit growth occurred at half that pace. Sandwich operators expect to hop back on the fast track, pushing sales over the one-billion-dollar mark and units to 4,200 by the end of the year.

Not all franchise restaurant operators have experienced rapid expansion in recent years. Some segments had to rethink strategies to keep pace with changing consumer preferences. The introduction of breakfast by fast food feeders began chipping away at pancake franchise restaurants' share of the morning market, and dinnerhouses have caused them to worry about their dinner trade.

For steak/full menu operators, it has been the drop in red meat consumption that has caused the most concern. Operators in both segments are battling back. Pancake operators have come out with aggressive marketing schemes that tout their full breakfast deals, and they have revamped lunch and dinner menus. Sales in this segment totaled $1.2 billion in 1985—up nearly 12.0 percent over 1984. The number of units expanded by 3.3 percent. Franchisee-owned units outdistanced company-owned stores in both sales and unit growth.

Steak franchise operators have followed a similar strategy by expanding menus to include more fish, poultry and pasta dishes along with their signature beef entrees. Soup, salad and dessert bars have cropped up, and many chains are sporting updated looks to appeal to today's more sophisticated consumers. The number of franchise steak/full menu restaurants declined by one percent in 1985, but sales advanced by 10.2 percent. In addition, average per-unit sales advanced 11.4 percent. A further 2.8-percent drop in the number of stores was expected for 1986, but operators hope to reap positive returns from their repositioning efforts this year.

Hamburger restaurants, long the driving force behind the expansion of the franchise restaurant industry, have begun to feel the heat of competition as operators in other segments attempt to

Percent change in sales and number of units of franchise donut and ice cream/yogurt shops

Continued growth is expected for donut and ice cream/yogurt shops

Type of establishment	Percent change in number of units*			Percent change in sales*		
	1985	1986	1987	1985	1986	1987
Donut	52.5%	5.2%	8.8%	41.5%	9.1%	14.4%
Ice cream/yogurt	15.4	13.0	16.3	30.2	12.2	16.0
Total	**24.9%**	**10.5%**	**14.3%**	**35.2%**	**10.8%**	**15.2%**

*Percent change is over prior year. Data for 1986 and 1987 were estimated by survey respondents.
Source: *Franchising in the Economy, 1985–1987*, U.S. Department of Commerce, 1987

Projected franchise restaurant sales and units for 1986 and 1987

Sandwich places expect to post the fastest growth in both 1986 and 1987

Restaurant type	Percent change*			
	Number of units		Sales	
	1986	1987	1986	1987
Hamburger	4.8%	7.8%	9.4%	11.6%
Pizza	12.0	14.1	12.0	16.3
Chicken	5.7	7.2	9.0	11.3
Mexican	7.4	11.7	7.1	12.1
Seafood	6.0	10.0	11.7	12.6
Steak/full menu	−2.8	7.1	0.2	11.2
Pancake	3.2	9.0	6.2	9.9
Sandwich/other	17.9	35.7	19.4	35.8
Total	**5.9%**	**10.4%**	**8.0%**	**12.4%**

*Percent change is over the prior year and is based on figures estimated by survey respondents.
Source: *Franchising in the Economy, 1985–1987*, U.S. Department of Commerce, 1987

build market share. Moreover, some hamburger operators are facing near-saturation points in metropolitan markets, causing a squeeze on profit margins and forcing them to develop alternate growth strategies. Menu expansion has been one response as have mobile units and double drive-thru windows.

Despite these changes, hamburger places have lost some ground. All other segments, but one, outdistanced hamburger franchise restaurants in terms of sales growth in 1985, and the hamburger segment's share of total franchise restaurant sales and units slipped. Nonetheless, hamburger operators still held the largest share of the market with sales of $23.4 billion in 1985, and average sales per unit climbed by 4.4 percent. Moreover, operators foresee a healthy future. They project that sales will reach $28.9 billion by 1987.

Chicken places recorded the slowest increase in total sales in 1985, and unit growth was under two percent. Sales totaled $4.1 billion—5.9 percent above their 1984 levels. However, the rise did not offset the segment's decreased share of total sales (from 9.0 to 8.6 percent). Franchise operators of chicken establishments expect sales and unit growth to perk up, due in part to increased consumption of poultry products. By 1987, sales should reach nearly five billion dollars, with 9,883 units expected to be open for business.

Donut, ice cream/ yogurt shops do well

Franchise donut and ice cream/yogurt operators made impressive gains in 1985; sales topped the $2.3 billion mark. Because these types of establishments are classified "food retailers other than convenience stores" by the U.S. Department of Commerce's franchising survey, their sales and unit data are not included with that for other types of franchise restaurants. Nevertheless, they represent a significant and growing sector of the franchise foodservice industry.

Responding to the ever-growing consumer demand for convenience and diversified menus, franchise donut shops have added everything from fresh-baked muffins and croissant sandwiches to cookies and soups. Expansion has paid off. Sales reached $1.1 billion in 1985. A dramatic increase in sales at company-owned stores helped boost total sales by 41.5 percent over the prior year. One donut firm entered the franchising arena in 1985, bringing the segment's total to 22 firms. It also helped to increase the number of franchising donut shops from 2,318 in 1984 to 3,535 in 1985. Donut shops hope to further their niche in the market in 1986 and 1987 and expect to have more than 4,000 units in operation by the close of 1987. Sales are expected to reach $1.3 billion by that time.

Ice cream/yogurt franchise establishments also enjoyed much success in 1985. Sales climbed to $1.2 billion—a healthy 30.2-percent increase over the previous year. There were 7,772 units open for business in 1985—up from 6,736 in 1984. The proliferation of superpremium ice creams is largely responsible for the expansion of this segment. But consumers who crave a frozen treat and still want to adhere to their diets are finding that yogurt shops are ready and willing to satisfy their desire. Improved taste and a battery of unusual flavors are attracting customers, helping many young chains establish a foothold in the market. Franchise operators of ice cream/yogurt shops are optimistic about their future, projecting double-digit increases in both sales and unit growth in 1986 and 1987.

Overseas expansion continues strong

Language barriers, cultural differences and complex bureaucracies have not dissuaded franchise restaurant operators from expanding their operations outside the United States. In fact, among all franchised businesses, restaurateurs show the greatest enthusiasm for international expansion. A total of 61 firms operated 6,122 units on foreign soil in 1985, down slightly from 1984. Canada and Japan were the two largest markets for American franchise restaurateurs; together they held nearly 50 percent of the market in 1985. However, the number of units operated in each country declined in 1985—from 1,591 to 1,542 in Canada because of a drop in the number of franchise hamburger units and from 1,490 to 1,436 in Japan partly because of a sharp drop in the number of steak/full menu franchise restaurants.

Franchise restaurant firms have increasingly turned their attention to many of the world's developing nations. They are attracted by budding economies, large populations and rising levels of disposable income. Among the areas under scrutiny are Asian countries outside Japan, African nations and countries in South America. In 1985, the number of American franchise restaurants in Asian countries, excluding Japan, rose by 15.8 percent to 499. There were nearly 200 units on the continent of Africa—up from 172 in 1984, and the number of stores in South America increased 10.1 percent.

Hamburger and chicken franchise restaurants have led the way in overseas expansion and continue to dominate the market. Fifty-three percent of all international franchise restaurants specialized in hamburgers in 1985; 30.7 percent featured chicken. Both segments operated more units worldwide. There were 3,251 hamburger places operating on foreign soil in 1985—an increase of 4.3 percent over 1984—and 1,878 chicken restaurants—a 6.9-percent increase. In 1985, hamburger franchise operators focused efforts on the United Kingdom (U.K.), Asia, South America and New Zealand. They opened their first units in Mexico and shuttered stores in Canada and the Caribbean. Despite the closings, Canada remained the biggest foreign market for hamburger franchise operators.

Japan is the primary market for chicken franchise operators; 29 percent of all international units were located in that country in 1985. The U.K. had the second-largest share—19.8 percent. American chicken fran-

A look into the future

According to an International Franchise Association (IFA) study conducted by The Naisbitt Group,* franchise restaurants will record the largest dollar volume increase of all franchise industries over the next several years. By 1990, Naisbitt forecasts franchise restaurant sales will reach $86.1 billion—an increase of more than 80 percent in five years. Although this projection will probably prove to be overly optimistic, franchise restaurants will retain a dominant position in the franchise sector. These are some trends the IFA study suggests will have the greatest effect on franchise restaurant growth in the next 15 years.

□ **Convenience.** It is no secret that increasing time pressures faced by many consumers have been a boon for franchise restaurants. Heightened interest in convenience has already spawned changes in the industry. The emergence of more self-service and drive-thru options and the recent explosion in delivery are only several examples. The trend toward convenience is not expected to diminish. In fact, it is expected to trigger renewed interest in service speed and efficiency.

□ **Quality.** Consumers are increasingly unwilling to sacrifice quality for convenience or lower prices. Higher levels of income and more sophisticated tastes have raised consumer expectations for the quality of franchise restaurant foods. Franchise operators must offer consistently high-quality food and service at reasonable prices. Reaction to this trend can already be seen in the "back to basics" approach being adopted by many chains. Quality will become an even more important marketing tool in an era of slower growth as franchise operators seek ways to differentiate themselves from their competition.

□ **Specialization.** The combined effects of the trends toward convenience and quality will produce greater specialization among franchise restaurateurs. The wider variety of consumer tastes will bring about a realization that a single operation cannot successfully be all things to all consumers. Forecasters expect to see the emergence of more limited menu, specialty franchise restaurants that fill a unique niche in the market.

□ **Minority involvement.** Aggressive recruitment programs sponsored by major fast food franchisers have brought more women and minorities into the franchise fold. These efforts will undoubtedly continue into the future. New immigrants will also play an increasing role in the franchise restaurant industry, providing an alternate labor pool in the face of a declining teenage population. Training programs designed to shore up communication and other basic skills of these minorities will become more common in the years ahead.

□ **Government.** The growth of franchising will not go unnoticed by legislators. Efforts to regulate franchising will increase at the state level. Furthermore, declining federal support for state and local government projects may shift more of the tax burden to franchisers and franchisees. Establishing stronger ties with legislators and increasing lobbying clout at all levels will be needed to prevent actions that could stymie industry growth.

□ **Global economy.** The move to a more global economy should make it easier to export franchise agreements. As the countries of the world develop closer economic ties, consumer tastes and buying habits will begin to converge. Franchise operators may find it easier to gain acceptance for American foods on foreign soils. Furthermore, saturation of many domestic markets may force franchisers to look to overseas expansion.

**These study findings are based on telephone interviews conducted in 1985 with 100 franchisers, franchisees and other industry experts. In addition, information about major social trends that may affect franchising was collected through an exhaustive review of newspapers, magazines, books and special reports.*

Franchise donut and ice cream/yogurt shops

Sales at donut and ice cream/yogurt shops topped $2.0 billion in 1985

Type of establishment	Number of units	Sales (in billions)
Donut	3,535	$1.1
Ice cream/yogurt	7,772	1.2
Total	**11,307**	**$2.3**

Source: *Franchising in the Economy, 1985–1987*, U.S. Department of Commerce, 1987

The top 12 international franchise markets

Canada was the largest market for American franchise restaurants

Market	Number of units
Canada	1,542
Japan	1,436
Australia	635
United Kingdom	615
Continental Europe	539
Asia	499
Caribbean	312
Africa	195
Mexico	119
New Zealand	92
Central America	71
South America	67

Notes: Figures include company-owned, franchisee owned and joint ventures.
Source: *Franchising in the Economy, 1985–1987*, U.S. Department of Commerce, 1987

International restaurant franchise growth

The number of franchise restaurants operated abroad increased by more than two percent in 1985

Restaurant	Total units	Percent change*
Hamburger	3,251	4.3%
Pizza	578	7.2
Chicken	1,878	6.9
Mexican	109	21.1
Seafood	13	18.2
Steak/full menu	271	–41.2
Pancake	15	25.0
Sandwich/other	7	133.0
Total	**6,122**	**2.3%**

*Percent change is over the prior year.
Source: *Franchising in the Economy, 1985–1987*, U.S. Department of Commerce, 1987

chise operators also increased their presence substantially in the Caribbean (20.0 percent), Asian countries other than Japan (19.1 percent) and in European countries not including the U.K. (17.0 percent). On the other hand, the number of franchise chicken stores in South America declined by more than 13 percent.

Pizza franchise restaurants are the third-largest force in the international market, a presence which has grown dramatically since the beginning of the decade. Eight pizza firms operated 263 units worldwide in 1980. By 1985, 14 firms had 578 international pizza units in operation. Australia and Canada had the largest slice of that market—147 and 127 units, respectively, and expansion continued in Japan and African nations. Franchise operators of pizza restaurants did retreat from some areas, however. They closed 18 units in continental Europe and five units in the Caribbean.

Franchise steak/full menu operators experienced a dramatic reversal in 1985. The number of international units dropped a substantial 41.2 percent, and operators closed down units in Japan, Canada and Mexico. The largest loss was seen in Japan where the number of American franchise steak places dropped by 192 units. A portion of the shrinkage seen in this segment may have been due to one firm choosing to abandon international franchising that year.

The other segments of the franchise restaurant industry play a much smaller role in the international market. Just three seafood firms and two each from the pancake and sandwich/other segments franchised restaurants in foreign countries in 1985. Together, they hold less than a one-percent share of the total international market.

—Kate Conroy

Sales and unit figures for 1985 and projections for 1986 and 1987 reported here are representative only of these 470 franchise restaurant firms and do not include any newly established firms that may have begun franchising in 1985 or any firms that have since gone out of business or abandoned the franchise system.

The survey, the only one of its kind in the United States, was completed by 2,090 franchisors, which represent 99 percent of total franchise sales and establishments. The results were compiled by Andrew Kostecka, Finance and Management Industries Division, Office of Service Industries.

For the complete report

The National Restaurant Association has prepared an in-depth report on the franchise restaurant system based on data from the U.S. Department of Commerce survey. This publication entitled *Franchise Restaurants: A Statistical Appendix to Foodservice Trends*, contains detailed information for the period 1969 to 1987.

The cost to National Restaurant Association members is $15.00 (plus $2.00 shipping and handling). The cost to non-members is $30.00 (plus $3.00 shipping and handling). Residents of Washington, DC, must add six percent sales tax. Illinois residents must add seven percent. Chicago, IL, residents must add an additional one percent sales tax, bringing their sales tax total to eight percent.

To order, contact the National Restaurant Association, 311 First St., N.W., Washington, DC 20001 or call (800) 424-5156 or (202) 638-6100. Payment must accompany all orders. Credit card orders are accepted. *Please specify number CS207 when ordering.*

Annual CREST report shows modest growth

Restaurateurs benefited from a slowly expanding economy, a modest rate of inflation and small, but steady, gains in disposable personal income in 1986. Annual growth of both sales and traffic surpassed 1985 levels.

However, growth was not even throughout the restaurant industry. Changes in consumer tastes and needs have contributed to healthy gains in some segments, while others have run into more difficult times. For example, the increased desire for convenience has fueled expansion in the quickservice segment, but has not helped midscale and upscale operators that tend to be less convenience-oriented.

Customer traffic up 2.1 percent

In 1986, customer traffic climbed 2.1 percent at all restaurants—a better performance than that seen in 1985, but below gains recorded in 1983 and 1984. Quickservice restaurants experienced another year of traffic growth of better than four percent. The evening meal was the strongest in terms of growth in customer traffic and breakfast was the weakest.

Traffic highlights

□ Customer traffic at quickservice restaurants climbed 4.8 percent in 1986—the strongest gain the segment has made in the past four years. Dramatic increases in customer counts at pizza, Mexican and Asian restaurants spurred the overall increase.

□ Midscale and upscale establishments together witnessed a 2.8-percent drop in customer counts last year. In contrast, customer counts at midscale and upscale places climbed 2.9 percent in both 1984 and 1985.

□ After a sluggish 1985 when traffic rose by just 0.1 percent, dinner came on strong last year. Customer counts at the evening meal climbed 4.8 percent in 1986. Lunch also showed an improvement over 1985. Traffic increased 1.2 percent in 1986, reversing the previous year's 0.7-percent decline.

□ Customer traffic at the morning meal dropped 1.9 percent in 1986, a dramatic turnaround from increases of 7.9 and 10.7 percent, respectively, in 1985 and 1984.

□ On-premises traffic declined by 1.2 percent at all restaurants in 1986, while customer counts for off-premises dining advanced 7.4 percent. Quickservice restaurants registered the largest gain in off-premises traffic—7.9 percent.

Restaurant industry growth 1983–1986

Sales and traffic growth in 1986 was higher than that seen in 1985

Year	Percent change in Sales	Traffic
1983	5.3%	2.7%
1984	7.8	4.0
1985	3.1	1.0
1986	3.2	2.1

Note: Percent change is over the same period of the prior year.
Source: GDR/CREST Enterprises, *Household Report*, 1982–1986

□ Restaurant penetration, a measure of the proportion of households in which at least one member dined out at least once in an average two-week period, edged up 0.3 percent last year to 78.0 percent. The number of households reached rose 1.4 percent.

Sales posted modest advance

Sales, measured by the CREST survey, rose by 3.2 percent in 1986. This is just slightly above the 3.1-percent pace set in 1985, but considerably less than the growth seen in both 1983 and 1984.

Quickservice restaurants outdistanced the other two segments in sales growth for the fourth consecutive year. Meanwhile, breakfast, which had been the most explosive meal period, experienced a slowdown. Sales at lunch showed the largest percent growth in 1986, followed closely by growth at the evening meal.

Sales highlights

□ Sales at quickservice restaurants moved up a sharp 7.4 percent in 1986. However, this is the smallest increase the segment has recorded in the past several years. Quickservice restau-

Percent change in restaurant industry vital statistics—1986*

Quickservice restaurants turned in overall best performance in 1986

	Sales	Traffic	Number of households reached	Restaurant penetration	Use of promotions	Average check size
Segment						
Quickservice	7.4%	4.8%	2.3%	1.2%	13.1%	2.5%
Midscale	−1.2	−3.8	−2.3	−3.4	7.5	2.7
Upscale	1.0	0.3	1.9	0.8	7.1	0.7
Meal period						
Breakfast	0.3%	−1.9%	−2.1%	−3.2%	6.7%	2.2%
Lunch	4.0	1.2	0.9	−0.2	11.8	2.5
Dinner	3.7	4.8	2.1	1.0	13.5	−1.1
Total restaurants	**3.2%**	**2.1%**	**1.4%**	**0.3%**	**12.2%**	**1.2%**

**Percent change is over the prior year. CREST has changed its procedures for processing some of the diary information it collects. A new "Casual Dining" segment has been added to the upscale segment. Included in this category is information for many eateries which were previously classified as midscale specialty or family-style restaurants. These changes may affect the comparability of 1986 data to prior years, particularly increases or decreases in midscale and upscale sales, traffic and average check size.*
Source: GDR/CREST Enterprises, *Household Report*, 1986

rant sales rose 7.7 percent in 1985 and 10.1 and 9.2 percent in 1984 and 1983, respectively.

□ Combined sales at midscale and upscale restaurants edged down 0.3 percent in 1986, compared to a 0.4-percent decline the prior year.

□ Sales growth at the morning meal period came to a near halt in 1986, edging up just 0.3 percent. In contrast, sales were up 7.3 percent in 1985 and increased by more than 11.0 percent in both 1983 and 1984.

□ Lunch sales climbed 4.0 percent last year, the largest increase of all three meal periods. This represented a substantial improvement over 1985 when sales moved up just 1.4 percent. Sales at the evening meal rose 3.7 percent.

□ The average per-person check rose to $3.45 in 1986—1.2 percent higher than the $3.41 level of the previous year. Midscale restaurants posted the highest gain in average check size—2.7 percent—followed closely by quickservice restaurants, which experienced a 2.5-percent increase to $2.47. The average check size at upscale establishments was $8.79 in 1986, up 0.7 percent over 1985.

□ The average per-person check at dinner dropped 1.1 percent to $4.60 in 1986. The average check size went up at the other two meal periods. Increases were 2.2 and 2.5 percent, respectively, at breakfast and lunch.

□ Promotions were used on 12.7 percent of all customer occasions in 1986—up 12.2 percent over 1985. Use of promotions increased most at quickservice restaurants—13.1 percent. Of the three meal periods, consumer use of promotions rose the fastest at dinner—13.5 percent. *—Kate Conroy*

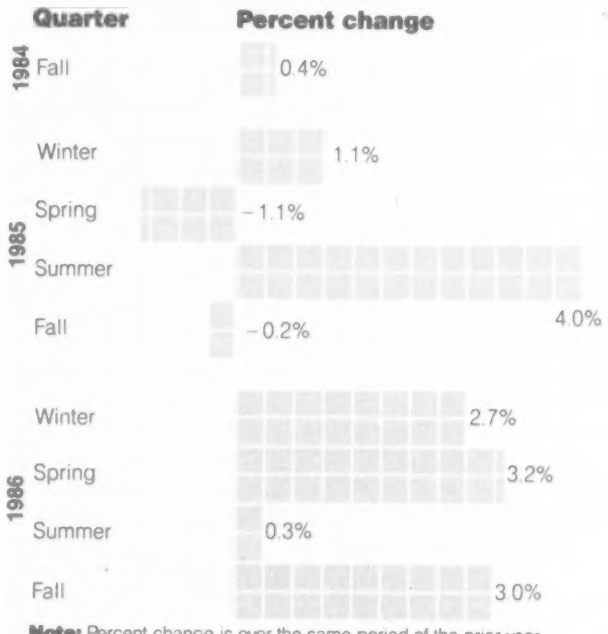
September–October–November

CREST Report

Percent change in quarterly traffic

fall 1984–fall 1986

Customer counts rose 3.0 percent during the 1986 fall quarter



Note: Percent change is over the same period of the prior year
Source: GDR/CREST Enterprises, *Household Report, 1984–1986*

The restaurant industry made modest gains during the last quarter of 1986. Customer counts rose 3.0 percent at the nation's restaurants during the 1986 fall quarter, a substantial improvement over the summer quarter when traffic rose by just 0.3 percent. The fall increase also exceeded the 2.7-percent rise seen in the 1986 winter quarter, but fell just short of the spring quarter's 3.2-percent advance.

The final quarter of 1986 brought no surprises for industry operators as trends, which emerged early in the year, prevailed. The evening meal period continued to make healthy strides, and lunch held its own. Breakfast continued to lag behind the other meal periods. Quick-service restaurants, buoyed by consumer interest in convenience, had the greatest effect on overall industry performance.

Industry summary*

□ **Customer traffic** was up 3.0 percent during the 1986 fall quarter. Customer counts at breakfast dropped

What is CREST?

Launched in September 1975, the CREST (Consumer Reports on Eating Share Trends) survey is designed to track expenditures and behavior in the commercial segment of the foodservice industry, including information by type and classification of restaurant and also by meal or snack period.

Approximately 10,000 families and 2,800 non-family households representing demographic patterns in the United States have been selected to participate in the study. Each household is asked to record every meal and snack experience during a particular two-week period for each of the four quarters of the year. Detailed entries are required for meals eaten or purchased away from home in establishments such as restaurants, hotels and motels, fast food/drive-in places, delicatessens, refreshment stands, carryouts, coffee shops, donut shops, ice cream shops or eating places inside variety stores or other retail stores. The diary does not include any meals eaten at schools, hospitals, colleges or other institutional feeding places.

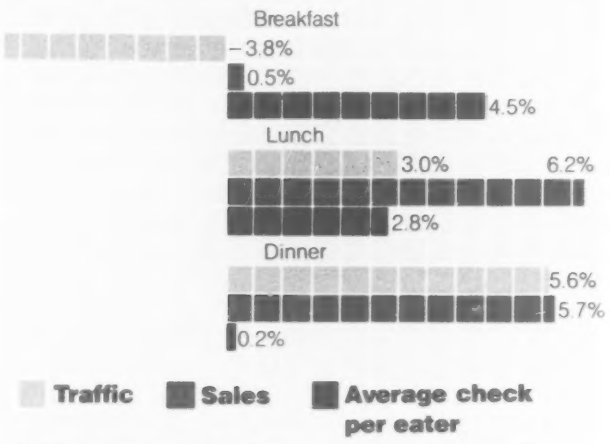
CREST information can help restaurateurs compare their operation's performance with that of the total industry as well as with specific restaurant categories (quickservice, midscale or upscale restaurants).

The CREST study can also provide valuable information concerning customer behavior, such as how much people spend. And, because it is an ongoing study, CREST information allows comparison against a standard—an aid in the development of trend analysis.

Readers wishing more information on the CREST study should contact GDR/CREST Enterprises, one of the NPD group of marketing and research companies, 1300 W. Higgins Road, Park Ridge, IL 60068-5798.

Fall quarter performance by meal periods

Dinner registered the largest increase in traffic; lunch posted the highest rise in sales



Note: Percent change is over the same period of the prior year.
Source: GDR/CREST Enterprises, *Household Report*, Fall, 1986

Percent change in traffic during meal periods
fall 1984–fall 1986

Customer counts at lunch and dinner were up in every quarter in 1986

Quarter	Breakfast	Lunch	Dinner
1984			
Fall	6.5%	-2.6%	3.0%
1985			
Winter	14.2%	-0.8%	-1.8%
Spring	3.0%	-4.0%	-1.2%
Summer	11.2%	1.6%	3.3%
Fall	4.0%	0.3%	nc*
1986			
Winter	-1.5%	0.9%	6.8%
Spring	nc*	1.9%	5.7%
Summer	-2.4%	0.1%	2.2%
Fall	-3.8%	3.0%	5.6%

*nc = no change
Note: Percent change is over the same period of the prior year.
Source: GDR/CREST Enterprises, *Household Report*, 1984–1986

3.8 percent—the third decline for the year. Lunch posted a modest 3.0-percent increase in customer traffic while dinner outpaced the other two meal periods with a 5.6-percent rise in total customer counts.

□ **Sales** at all restaurants rose by 5.4 percent because of the 3.0-percent gain in customer traffic. Lunch registered the largest increase in sales during the fall quarter—6.2 percent. Dinner was not far behind, posting a 5.7-percent increase. A decline in customer counts contributed to a weak (0.5-percent) increase in breakfast sales.

□ **Penetration,** which is a measure of the proportion of U.S. households in which at least one member ate out at least once in an average two-week period, dropped during the fall quarter by 0.2 percent. However, the total number of households reached increased 1.4 percent.

□ **Average check size** was $3.50 in the 1986 fall quarter, 2.6 percent higher than during the same period in 1985. Average check size increased at all three meal periods, with breakfast registering the largest increase—4.5 percent.

□ **Use of promotions** was up 9.8 percent during the 1986 fall quarter. This was somewhat higher than the 7.0-percent increase seen in the summer quarter. Consumers made use of promotions on 13.4 percent of all occasions last fall.

Quickservice restaurants

□ **Customer traffic** at quickservice restaurants increased 4.5 percent during the 1986 fall quarter, an improvement over the previous quarter's 2.5-percent rise. Ethnic quickservice places continue to propel the segment; traffic rose by more than 25.0 percent at Mexican and Asian quickservice restaurants during the fall quarter. Retail quickservice establishments also contributed to the segment's overall gain. Customer counts at these eating places advanced 22.0 percent. Barbecue restaurants suffered the steepest decline in customer counts—11.1 percent.

□ **Sales** climbed 7.9 percent in the quickservice segment largely in response to higher customer counts.

□ **Penetration** rose a slight 0.6 percent during the 1986 fall quarter.

□ **Average check size** stood at $2.53 for the fall quarter—3.3 percent higher than the 1985 period.

□ **Promotions** were used on 15.8 percent of all quickservice eater occasions—a substantial rise over the same quarter in 1985 when consumers used promotions on 14.1 percent of all occasions.

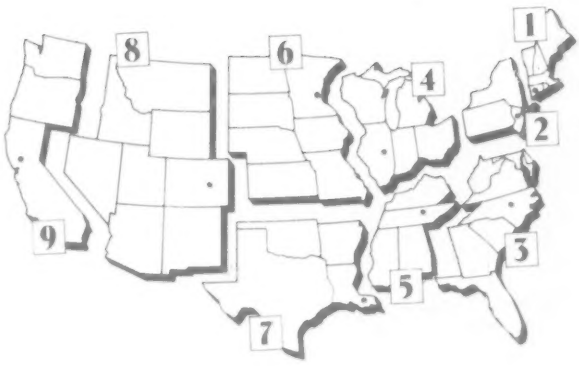
Midscale and upscale restaurants*

□ **Customer counts** at midscale and upscale restaurants edged up 0.2 percent during the fall quarter of last year. Although overall performance remained weak, the gain in traffic was an improvement over the 1986 summer quarter when customer counts fell by 4.5 percent. Asian restaurants turned in the best performance in the midscale sector, posting a 38.3-percent rise in traffic. In the upscale segment, Italian restaurants registered the largest increase—15.8 percent.

□ **Sales** at midscale and upscale establishments climbed a modest 3.3 percent—short of the overall industry gain of 5.4 percent and well below the 7.9-percent increase seen in the quickservice segment.

□ **Use of promotions** was up 1.6 percent at upscale establishments in the 1986 fall quarter, but slipped 0.2 percent at midscale restaurants. Customers used promotions on 10.1 percent of all occasions at upscale places and at 8.9 percent of all occasions at midscale establishments.

**Several changes have been made in the way CREST processes the diary information that have affected the comparability of the 1986 fall data with that of the fall quarter of 1985. A new "Casual Dining" segment has been added to the upscale segment. Included in this category is information for many eateries which were previously classified as midscale specialty or family-style restaurants. Increases or decreases in midscale and upscale traffic, sales and average check size, when compared to the 1985 fall quarter data may be overstated or understated. To compensate for these changes, sales and traffic data for midscale and upscale segments were combined for this summary.*



1 NEW ENGLAND

Location: Wethersfield, CT
Association member: Charles Smith
Operation: The Steak Club
Profile: One of nine fullservice steak-houses
In business: 18 years
Seats: 210
Meals served: Breakfast, lunch, dinner

"Our business has been just super," says **Don McGee,** general manager of The Steak Club in Wethersfield, CT. "The local economy is booming," he adds, "and Connecticut is experiencing almost zero unemployment."

Three of the eight Steak Clubs are located within hotels, not including McGee's unit which sits next to a Ramada Inn. Breakfast traffic depends largely upon hotel guests, but at lunch and dinner more than 60 percent of the clientele is local.

The Steak Club's specialty is, of course, steak. A $10.95 prime rib is the most popular cut. Seafood accounts for about 30 percent of the orders, and among customer favorites are pulled lobster, scrod, scampi and baked stuffed shrimp. All meals include dessert and a trip to the salad bar.

2 MID ATLANTIC

Location: Summit, NJ
Association member: Restaurant Associates
Operation: The Office
Profile: One of six casual, fullservice restaurants
In business: 8 years
Seats: 120
Meals served: Lunch, dinner

"Lots of restaurants claim to have a friendly atmosphere," says **Cathy Caster,** general manager of The Office. "But this is the first place I've seen where it's true."

The Office's casual interior is filled with antiques and walls papered with actual ledgers. The limited menu includes seafood, steaks and burgers as well as daily specials. In February, as a lead-in to Mardi Gras, the restaurant featured unusual Cajun dishes, such as *Cajun Kabob, Cajun Veal* and *Cajun Fettuccine.*

As part of their quarterly review, The Office's general managers are asked to develop and submit different food concepts. "The owners realize," says Caster, "that cooks and managers sometimes get bogged down in a corporate concept." Soliciting the managers' opinions, she explains, encourages participation and helps each unit cater to its particular market.

3 SOUTH ATLANTIC

Location: High Point, NC
Association member: Richard Rogers
Operation: Henry James Bar-B-Que
Profile: One of three fullservice barbecue shops
In business: 9 years
Seats: 90
Meals served: Lunch, dinner

Quite a few businesses in High Point, the "World's Furniture Capital," have been hurt by the harsh winter. But at Henry James Bar-B-Que things have never been better. "When it's cooler," explains prep cook/day manager **Darin Carter,** "people like to eat barbecue."

Barbecue fans throughout the South love to argue about the ideal meats and methods of preparation for their favorite dish. In Texas, for example, beef is king. But in North Carolina, pork is the meat of choice for barbecue. "We go through, I reckon, around 25 shoulders—or 400 pounds—a day," says Carter. Most of the barbecue is served in sandwiches for $1.30 or on platters with hush puppies, fries and cole slaw for $3.00.

The drive-thru window at Henry James accounts for between 33 to 50 percent of the store's total business. A little more than one year ago, the chain added a computerized register with a video screen hookup in the kitchen. "Things have really speeded up," says Carter. "We average one minute on every drive-thru order."

4 EAST NORTH CENTRAL

Location: Park Ridge, IL
Association member: Thomas Gangas
Operation: Bailey's Restaurant & Bar
Profile: One of three fullservice restaurants
In business: 3 years
Seats: 200
Meals served: Lunch, dinner

"Business has been very good," says **Terry Stamos,** general manager of Bailey's Restaurant & Bar. Receipts at the three-year-old restaurant, located in a northwestern suburb of Chicago, are up 10 percent over last year. Stamos credits the Windy City's mild winter for the restaurant's strong traffic.

Although the three Bailey's in the Chicago area share the same menu, the owners have let the individual restaurant's location create the atmosphere. The Park Ridge unit, for example, caters to a more mature community with quieter music and a slower, more comfortable atmosphere.

The reasonably priced menu is "good without being too fancy." Steaks, prime rib, chicken teriyaki and broiled or sauteed fish are customer favorites. Mexican dishes are also popular.

5 EAST SOUTH CENTRAL

Location: Nashville, TN
Association member: Bob Lee
Operation: Empress Chili
Profile: Four of 45 Cincinnati-based chili parlors
In business: 2 years
Seats: Average 80
Meals served: Lunch, dinner

When Cin-Tin Corporation opened its first Empress Chili franchise in Nashville two years ago, few people in the city were familiar with *Cincinnati Chili,* the restau-

rant's signature item. "We had to educate them," says **Barbara Pate,** director of public relations.

The people in Nashville learned quickly—there are now four Empress Chili parlors in the city, and the fifth unit, the upscale Empress Restaurant and Lounge, will open soon.

"*Cincinnati Chili,*" says Pate, "is a sweet and spicy chili that is more like a spaghetti sauce than the traditional chili most people are familiar with." The tomato-based chili is commonly served on spaghetti, and true afficionados order the dish by the number: A five-way has spaghetti, beans, chili, cheese and onions; a four-way doesn't have beans; and a three-way has no beans or onions.

The newest unit has a busy drive-thru window. "Our chili is perfect for a drive-thru," says Pate, "because it comes right off a steam table."

6 WEST NORTH CENTRAL

Location: St. Paul, MN
Association member: Lawrence Windingstad
Operation: White Castle System, Inc.
Profile: 13 company-owned hamburger units
In business: 66 years
Seats: 45 to 50
Meals served: Open 24 hours

"Business has been pretty good," says **Roger Atkinson,** assistant area manager for the 13 Twin Cities' White Castles. And sales should be even stronger at the end of the month, he adds, when a "Kid's Meal" promotion is introduced. The promotion will offer children 12 years old and under a boxed meal of a hamburger, french fries and a drink for 99 cents.

White Castle's signature item is a 30-cent burger whose square patty weighs only .75 ounces. "A person can eat four or five and come back tomorrow and eat four or five more," says Atkinson.

To satisfy the hamburger cravings of customers who live in areas that are not convenient to a White Castle unit, the chain has introduced cooked frozen burgers—meat, buns and condiments—that can be purchased at the stores or shipped out of the company's headquarters in Ohio.

The most successful innovation at White Castle, however, has been the addition of drive-thru windows at several units. Atkinson estimates that 37 percent of the business at these stores is transacted through the windows.

7 WEST SOUTH CENTRAL

Location: Baton Rouge, LA
Association member: Carl Everett
Operation: R. Jones Ent., Inc.
Profile: 9 spicy fried chicken franchise units
In business: 10 years
Seats: 24 to 72
Meals served: Breakfast, lunch, dinner

"Business has been good, but right now, because of the wet winter, we're a little below last year's sales," says **Carl Everett** of Popeye's. The local economy is stable, however, because Baton Rouge is the state capital and home of two colleges.

In the past two years, says Everett, Popeye's has introduced several new menu items. Red beans and rice and Cajun chicken nuggets have proven to be "real strong" sellers. Popcorn shrimp, too, has been a successful addition, but must be promoted to do well.

The drive-thru business is extremely important to the spicy fried chicken chain. At several area stores, says Everett, the windows account for 60 percent of sales. New stores are designed with electronic windows, and a few stores are also experimenting with remote headsets because of the backups that occur when slower-cooking items are ordered. During peak hours, an extra manager is usually on hand to oversee the drive-thru operation.

8 MOUNTAIN

Location: Boulder, CO
Association member: Gregg J. Hawkins, et al
Operation: Round the Corner Restaurant
Profile: 23-unit family restaurant chain
In business: 19 years
Seats: 180
Meals served: Lunch, dinner

"Business has been real good," says **Tim Norman,** manager of Round the Corner Restaurant's Table Mesa store in Boulder, CO. "People appreciate our food being fast and inexpensive without being 'fast food.'"

Round the Corner's customers, says Norman, enjoy the restaurant's unique service system. Patrons place their orders from telephones at each table. When their food is ready, they are summoned to pick up their orders at the counter. Average service time is five to seven minutes.

The menu at Round the Corner offers 15 different hamburgers as well as soups, sandwiches and salads. For nearly one year, the company has been serving five varieties of chicken sandwiches, including pre-marinated, grilled fajitas and teriyaki chicken. Norman says the sandwiches are so popular that they are displacing some of the hamburgers as top sellers.

The owners of Round the Corner are extremely receptive to suggestions from management, "especially on the operational end."

9 PACIFIC

Location: Redwood City, CA
Association member: Steven Hiller
Operation: Ben Franks Restaurants
Profile: 10 fast food hot dog units (7 company-owned, 3 franchises)
In business: 8 years
Seats: 0
Meals served: Lunch, dinner

"We're going through a slow time of the year," says Ben Franks President **Steven Hiller.** "But we're still up four percent in real growth from last year, which isn't too bad."

Ben Franks is a strictly walk-up, drive-thru concept that opened in January 1979. The chain's signature hot dog is an old-fashioned combination—90-percent beef, 10-percent pork sausage—that is flavored with garlic and roasted over redwood chips. The dog is served with fresh tomatoes, onions, relish and mustard.

Other hot dogs offered at Ben Franks include a Louisiana hot sausage and a private label Polish sausage. In addition, each month a different frank is featured. February's offering was a curry-flavored sausage. French fries, onion chips and old-fashioned milk shakes round out the limited menu.

Ben Franks, says Hiller, is having "very strong franchise sales." Twenty-two franchises are committed for 1987, and Hiller says he realistically expects 13 to 16 new units to open by the end of the year.

—David Slater

Fast food chain has a heart

El Pollo Loco, the Santa Fe Springs, CA–based fast food chain, is recognized by the American Heart Association (AHA) as a participant in its "Dine to Your Heart's Content" program. The chain, which is known for its charbroiled chicken, adheres to AHA's guidelines regarding calories, fat and cholesterol levels in menu items.

Therefore, the month of February—with its double distinction of being National Heart Month and containing Valentine's Day—was an ideal time for the chain to sponsor a promotion. El Pollo Loco created special Valentine's Day cards which could be redeemed for free soft drinks or side orders. The company donated five cents to AHA for every Valentine redeemed.

In addition, El Pollo Loco sponsored educational luncheons featuring AHA representatives throughout February. Luncheon attendees were school children who learned about nutrition and how to select heart-healthy food in restaurants.

—El Pollo Loco

In-laws to go

What do cat toys, Texas-size cigars, a Ph.D. thesis, old love letters, "Earth Shoes" and your in-laws have in common? All of these items can be stored in a Bennigan's "To Go" box after you're finished with your meal—or, at least, that is what the Dallas, TX-based casual dining chain suggests.

Although takeout service has always been available at most Bennigan's units, the company has recently designed a corrugated cardboard carryout box in two sizes (10 inch and 12 inch). Each box is secured with a clear snap-on cover. It contains a green plastic takeout plate, patterned after Bennigan's new hexagonal china, and an extensive "To Go" menu to present a uniform approach to the service. Bennigan's favorites, such as seafood gumbo; barbecue ribs; and Mexican, Cajun and Asian entrees, are all available on the menu.

Scott Burcham, vice president of marketing for the chain, says the new program was developed because "convenience is the byword today, especially for two-income families. People want good food that can be eaten in the comfort of their home."

—Bennigan's

On to Beijing, Belgrade

American fast food is finding its way into new countries. Kentucky Fried Chicken will be the first Western fast food company to open for business in the People's Republic of China later this year. The menu at the Beijing Kentucky Fried Chicken will feature traditional fare, including the original chicken recipe.

Yugoslavia will become the first socialist country to open a McDonald's restaurant. Two restaurants will open in Belgrade in September, and five more are being planned for other cities, including Novi Sad.

—Kentucky Fried Chicken, Los Angeles Times

The lunch crowd gets more finicky

According to the Brown Bag Institute, the chief reason why people carry lunches is not to save money but to eat a lunch that corresponds to their lifestyle and personal goals. By packing their lunches, brown-baggers are assured of getting ingredients they know and trust in the quantity they want. Small lunches seem to be the trend. "It's not a poor-folks phenomenon—brown bagging is a finicky-folks phenomenon," says institute founder David Lyon. "These are people who insist on having things done their own way."

Convenience also ranks high on the list of why people tote their midday meals. They can nibble whenever they want or eat quickly and use the rest of their lunch hour to shop or exercise.

—Los Angeles Times

Wines for "We the People"

California Cabernet Sauvignon, Chardonnay and Sauvignon Blanc have been selected as the official wines of the U.S. Constitution Bicentennial celebration.

The wines are bottled with specially commissioned commemorative labels bearing the seal of "We the People 200." Each bottle also features the reproduction of a painting accompanied by a written description linking it to the Constitution's Bicentennial: Rembrandt Peale's portrait of George Washington is used on the Napa Valley Cabernet Sauvignon; the official artwork of the Constitution's Sesquicentennial—150th—celebration is used on the Santa Maria Valley Chardonnay; and a painting by contemporary artist Raymond Saunders is used on the Sonoma County Sauvignon Blanc.

For each case of wine sold, $2.00 will be donated to the "We the People 200" celebration. The wines are being distributed nationally through Vintage Wine Merchants.

—Vintage Wine Merchants

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